

DRINKING WATER BOARD
PACKET

JULY 13, 2007

CEDAR CITY, UTAH

ITINERARY
OF THE
CENTRAL IRON COUNTY WATER
CONSERVANCY DISTRICT
TOUR
ON
JULY 13, 2007



State of Utah

Department of
Environmental Quality

Richard W. Sprott
Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

Drinking Water Board
Anne Erickson, Ed.D., *Chair*
Myron Bateman, *Vice-Chair*
Kenneth Bassett
Daniel Fleming
Jay Franson, P.E.
Helen Graber, Ph.D.
Paul Hansen, P.E.
NEW BOARD MEMBER
Petra Rust
Richard W. Sprott
Ron Thompson
Kenneth H. Bousfield, P.E.
Executive Secretary

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

**DRINKING WATER BOARD
ITINERARY**

July 13, 2007

Place: Central Iron County Water Conservancy District
88 East Fiddlers Canyon Road
Cedar City, Utah 84720
Ken Wilde's Cell Phone No.: (801) 674-2557

- 7:45 a.m. 1. Meet at the: Crystal Inn Lobby and drive to Enoch City Hall
1575 West 200 North
Cedar City, Utah 84720
Phone No.: (435) 586-8888
- 8:00 a.m. 2. Enoch City Hall – Phone: (435) 586-1119
900 East Midvalley Road
Enoch, Utah
☕ *Group Breakfast and Review Tour agenda*
- 9:00 a.m. 2. Tour of Phase 1 areas:
- ① 9:00 a.m. – 9:20 a.m.: Eagle Valley Ranches
🏫 Three Peaks Elementary School
 - ② 9:20 – 9:40 a.m.: Sky View Subdivision
 - ③ 9:40 a.m. – 10:15 a.m.: Three Peaks Recreation Center
 - ◆ Overview of Service Area
 - ◆ Water Tank
 - ④ 10:15 a.m. – 10:30 a.m.: Drive by of:
 - ◆ Old Meadows Ranchos
 - ◆ Angus Water Company
 - ◆ Big Meadows Ranchos
 - ◆ Monarch Meadows
 - ◆ Sunrise Meadows
 - ◆ Rancho Bonita
 - ⑤ 10:30 am. – 11:00 a.m.: Fife Town System Overview

11:00 a.m. 3. Leave for lunch

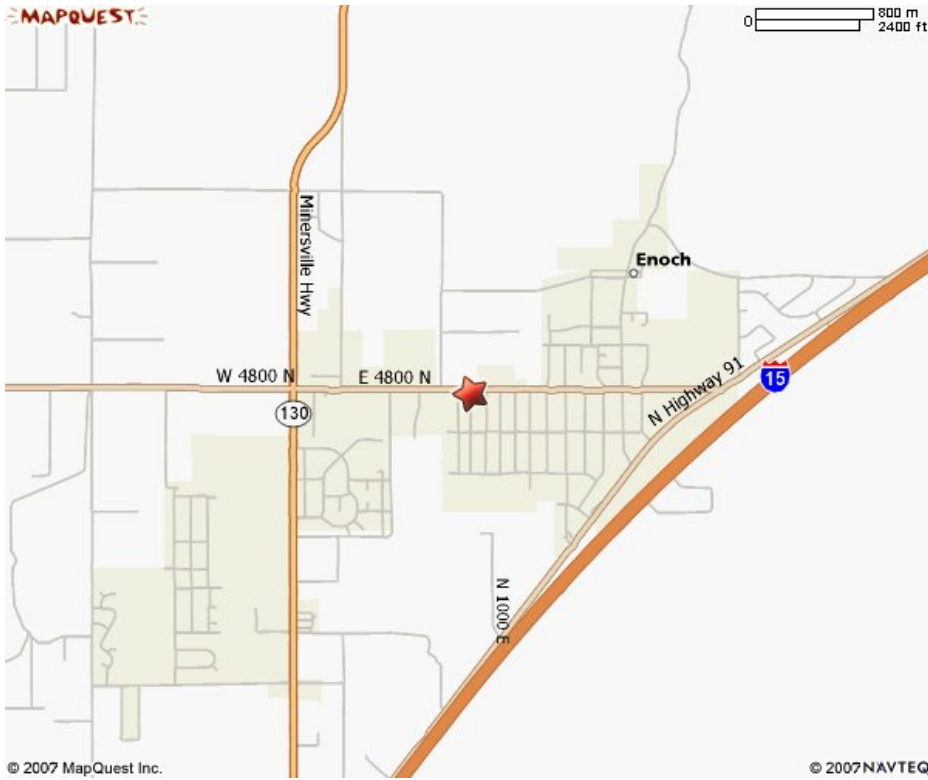
11:30 a.m. 4. Lunch at: Cedar Creek Restaurant
86 South Main Street
Cedar City, Utah 84720
Phone No.: (435) 586-6311
Reservation under: Division of Drinking Water

12:30 p.m. 8. Leave for Board meeting

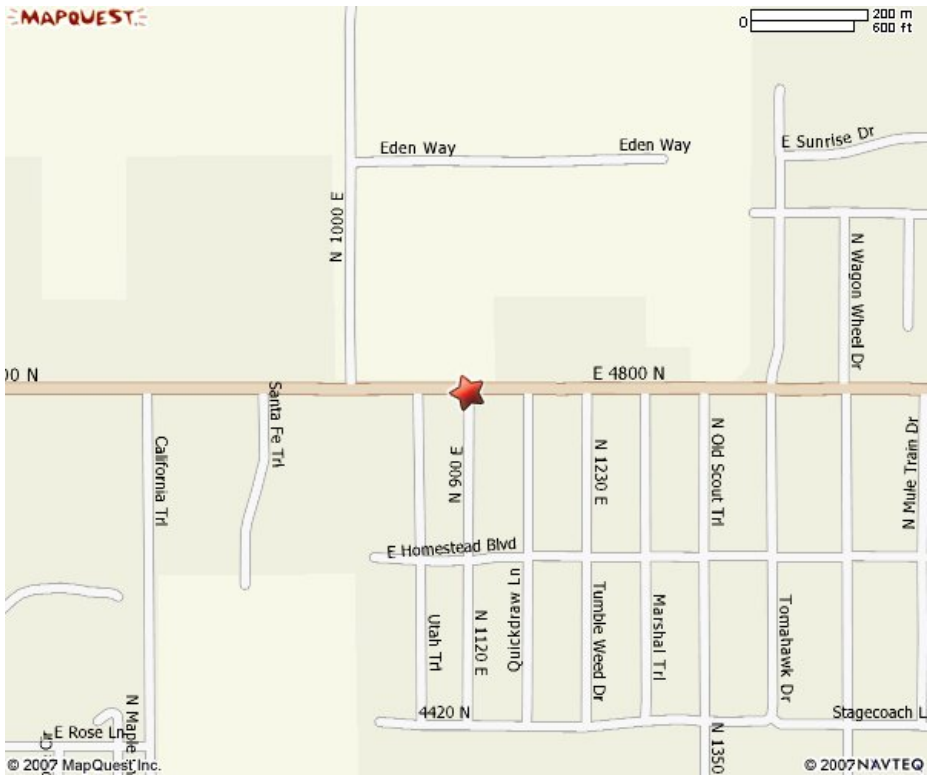
1:00 pm. 9. Drinking Water Board Meeting

4:00 p.m. 10. Adjourn

In compliance with the American Disabilities Act, individuals with special needs (including auxiliary communicative aids and services) should contact Brooke Baker, Office of Human Resources at: (801) 536-4412, TDD (801) 536-4414, at least five working days prior to the scheduled meeting.



ENOCH CITY HALL 900 EAST MIDVALLEY ROAD





State of Utah

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Environmental Quality

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**DRINKING WATER BOARD
MEETING**

July 13, 2007

1:00 p.m.

Place: Heritage Center

Festival Hall

105 North 100 East

Cedar City, Utah 84720

Ken Bousfield's Cell Phone #: (801) 674-2557

1. Call to Order – Chairman Erickson
2. Roll Call – Ken Bousfield
3. Introductions – Chairman Erickson
 - 1) Introduce New DEQ Director
4. Approval of Minutes – May 11, 2007
5. SRF/Conservation Committee Report – Vice Chairman Myron Bateman
 - 1) Status Report – Ken Wilde
 - a) Status Report
 - b) Loan Origination Fee
 - 2) State SRF Applications
 - a) Project Priority List (Karin)
 - b) Toquerville Planning Loan (Rich)
 - c) Greenwich (Michael)
 - d) Cedar Hills (Julie)
 - e) Midvale (Julie)
6. Chairman's Report – Chairman Erickson
7. Directors Report
 - a) Conflict of Interest Forms
 - b) Body Politic Rule Status
 - c) Erda Special Service District's Status Report

8. News Articles
9. Letters
10. Next Board Meeting:
 - Date: September 14, 2007
 - Tour: Conservation Garden Park at Jordan Valley
8215 South 1300 West
West Jordan, Utah
 - Time: 9:00 a.m.
 - Lunch: Archibald's at Gardner Village
1100 West 7800 South
West Jordan, Utah
 - Time: 11:30 a.m.
 - Board Meeting: Jordan Valley Water Conservancy District
 - Address: 168 North 1950 West, Room 101
Salt Lake City, Utah 84116
 - Time: 1:00 p.m.
11. Other
12. Adjourn

In compliance with the American Disabilities Act, individuals with special needs (including auxiliary communicative aids and services) should contact Brooke Baker, Office of Human Resources at: (801) 536-4412, TDD (801) 536-4424, at least five working days prior to the scheduled meeting.

AGENDA ITEM 4

APPROVAL

OF THE

MAY 11, 2007
MINUTES



State of Utah

Department of Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

Drinking Water Board

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Lieutenant Governor

MINUTES OF THE DRINKING WATER BOARD MEETING HELD ON MAY 11, 2007 IN SALT LAKE CITY, UTAH

Board Members Present

Anne Erickson, Chair
Ken Bassett
Daniel Fleming
Jay Franson, P.E.
Paul Hansen, P.E.
Dianne Nielson, Ph.D.
Petra Rust
Ronald Thompson

Board Members Excused

Myron Bateman
Helen Graber, Ph.D.
Laurie McNeill, Ph.D.

Staff

Ken Bousfield
Ken Wilde
Bill Birkes
Rich Peterson
Karin Tatum
Mike Grange
Patti Fauver
Julie Cobleigh
Brad Holdaway
Michael Mortensen
Heather Bobb
Linda Matulich

Guests

George Grover, Holliday Water Co.
Marlin Sundberg, Holliday Water Co.
Kevin Brown, Sunrise Engineering
Ken Snook, Spring Glen Water Co.
Bob Wood, Richland
J. Craig Smith, Smith Hartvigsen
Mark Haik, self
Kelly Fine-Jensen, CitiCourt
Grant Smith, Town of Portage
Bud Knudsen, Town of Portage
Scott Archibald, Sunrise Engineering
George Mason, Cross Hollow Hills
McKay Morgan, Town of Circleville
Marty Morgan, Town of Circleville
John Hawkins, Silver Spurs Water
Scott Wilson, Central Iron County WID
Larry Howell, Town of Portage
Patrick Foary, Mt. Tabby Improvement
Craig Winder, Dammeron Valley
Larry Brough, Enoch City
Jon Sebba, Nolte Engineering
Robert Haight, Nolte Engineering
Eric Franson, Circleville Town
Claudia Wheeler, Metropolitan WDSLS
Al Deware, Erda Acres
John Flint, Summit Water
Sharilyn Patwardham, Summit Water
Doug Evans, Rural Water Association
Paul Fulgham, Rural Water Association
Dale Pierson, Rural Water Association
Mike Goodman, Mt. Tabby Improvement
Paul Ashton, Holliday Water Co.
Randy Cassidy, Oquirrh Mtn. Water
Laura McIndee, Town of Alta

Guests Continued

Christopher Robinson, Oquirrh Mtn. Water
Randy Williams, Salt Lake County Health Dept.
Fred Nelson, Attorney Generals Office
Keith Hanson, Salt Lake Cty. Service #3

Guests Continued

Erick Johnson, Bond Counsel
Gerard Meyers, Mt. Tabby Improvement
Doug Hogan, Tooele County Attorney
Kate Black, Town of Alta

ITEM 1 – CALL TO ORDER

The Drinking Water Board convened in Salt Lake City, Utah with Chairman Erickson presiding. The meeting was called to order at 1:05 p.m.

ITEM 2 – ROLL CALL

Chairman Erickson asked Ken Bousfield to call roll of the Board members. The roll call showed there were 8 members present.

ITEM 3 – INTRODUCTIONS

Chairman Erickson welcomed everyone and asked the guests to introduce themselves.

ITEM 4 – MINUTES – March 2, 2007

a) Approve Board Meeting Minutes

Chairman Erickson stated a motion to approve the Minutes of the March 2, 2007 Board meeting would be in order.

Ronald Thompson moved to approve the March 2, 2007 Drinking Water Board minutes.

Daniel Fleming seconded.

**CARRIED
(Unanimous)**

b) Review Itinerary Minutes

Chairman Erickson stated the Minutes for the March 2, 2007 Board Tour are for review.

ITEM 5 – PUBLIC (HEARING) MEETING ON BODY POLITIC

Chairman Erickson reported that changes will be made to this agenda item. Some additional information will be presented. This agenda item will be changed from a Public Hearing to a Public Meeting. Chairman Erickson reported that she conferred with Fred Nelson, Attorney General for the Board, on the changes that needed to be made, and was advised it would be acceptable.

Chairman Erickson reported that the Board had discussed and decided on some new language for the proposed rule. The new language was handed out and was displayed on a screen for the public to view.

Chairman Erickson asked the Board members if they would like to give any additional comments on the Body Politic Rule.

Chairman Erickson invited the audience to come up to the table to offer any comments to the Board.

Comments were received from the Board and the audience.

Chairman Erickson thanked everyone for their comments.

Chairman Erickson mentioned the Body Politic Rule will be revised to meet the concerns presented today. Another public meeting will be held on the changes that will be made to the Body Politic Rule.

Chairman Erickson closed the Public Meeting.

ITEM 6 – SRF/CONSERVATION COMMITTEE REPORT

Jay Franson chaired agenda item 6.

1) Status Report

Ken Wilde reported the Board has \$3,667,000 available in the State SRF Fund. The Board will receive just over \$7 million from repayments and sales tax receipts over the next year. There are 7 projects that have been authorized, but haven't closed yet. Glen Canyon Special Service District (SSD) will be closing their loan on Monday, May 14, 2007. Vernon closed their loan on May 7, 2007.

Ken Wilde reported the Board has \$5,000,000 available in the Federal SRF Fund. The Board will receive another \$12,500,000 over the coming year, which will give the Board almost \$18,000,000 to use in the Federal program. A list of tentative closing dates is in the Board packet. Portage will be ready to close their loan the end of May.

a) Project Priority List

Ken Wilde reported staff is requesting the Board approve the updated Project Priority List. Skyline Mountain Special Service District is being added to the Project Priority List.

Ronald Thompson moved the Board approve the updated Project Priority List.

Ken Bassett seconded.

**CARRIED
(Unanimous)**

b) **Loan Origination Fee and Reauthorization of Loans that have not been closed**

Ken Wilde reported staff was successful in getting House Bill 99 approved by the Legislature in the last session. House Bill 99 gives the Board certain authorities in addition to ones the Board already has.

Ken Wilde mentioned one of the new authorities for the Board will enable the Board to charge a loan origination fee which will be due at the time of the loan closing. Ken reviewed some background on this new charge.

Ken Wilde mentioned a 30 day notice will go out to the public through the newspaper. Staff will also send out the 30 day notice to the League of Cities and Towns and others about the proposed change. Staff will hold a public meeting at the end of the 30 day period for the public to be able to provide any comments. Ken said he would like to look at the possibility of placing the loan origination fee on the grant requests during the 30 day public comment period.

Ken Wilde mentioned staff will give a report on the public meeting and discuss their findings and options to the Board. Staff will request, at that time, that the Board adopt the Loan Origination Fee.

Discussion followed.

Ronald Thompson moved the Board authorize staff to post a proposal to adopt a Loan Origination Fee for the 30-day public comment period as described below:

The Board reauthorize all of the State SRF and Federal SRF loans listed in the two attached tables with the addition of a Loan Origination Fee as follows:

- a. The loan origination fee and grant origination fee would be at 1% of the principle amount of the loan at the time of closing, and being able to adjust the 1% fee, if it generates more than what is needed to cover the expenses of staff, and to be able to make that adjustment before it becomes final.**
- b. The fee would be due and payable by the applicant at loan closing.**
- c. If the applicant closes the loan prior to the completion of the 30-day period, the applicant may elect to have the Division bill the applicant on a quarterly or semi-annual basis for the cost of administering the project, including pre-closing, construction oversight, and close out charges in lieu of requiring payment of the loan origination fee at loan closing.**
- d. The Board may change the amount of the Loan Origination Fee, at their discretion.**

Question on motion.

Fred Nelson was asked to look at the Legislation language during this process.

Paul Hansen seconded.

**CARRIED
(Unanimous)**

2) State SRF Applications

a) Enoch City Planning Loan

Julie Cobleigh reported Enoch City is requesting a planning loan of \$36,000 to complete a water system master plan. The plan is also being funded by Central Iron County Water Conservancy District (CICWCD), and they will be contributing a \$20,000 grant for the project. The plan will provide an explanation on the deficiencies of the present water system, projections of the improvements that will be needed to upgrade the existing system, and expanding the distribution, storage and source capacity to meet the future demands of growth. The plan will also address possible synergies with CICWCD. Enoch City will also conduct a water survey rates service charge schedule, a connection fees study, an impact fee analysis, a developer capital improvement program, and a water conservation plan. The SRF Conservation Committee is recommending a \$36,000 planning loan at 0% for 5 years.

Larry Brough, Enoch City representative, and Scott Wilson, CICWCD, representing Enoch City, addressed the Board.

Discussion followed.

Daniel Fleming moved the Board authorize a \$36,000 planning loan to Enoch City at 0% for 5 years, repaying \$7,200 annually beginning one (1) year from the date the loan agreement is signed, with the condition that they resolve the appropriate issues on their compliance report.

Petra Rust seconded.

**CARRIED
(Unanimous)**

b) Circleville Town

Mike Grange reported Circleville Town is requesting \$477,983 in financial assistance for some drinking water system improvements. This request is in 2 stages. In the first stage, Circleville Town initially requested \$235,983 to refinance an existing Rural Development loan. In the second stage, Circleville Town requested for \$242,000 to rehabilitate the canyon spring, that was damaged during a forest fire, improve the collection area, replace inadequate fencing, install approximately 1,000 feet of 6-inch transmission line, make improvements to their town culinary well, replace a section of damaged distribution line, and correct and address compliance issues that were identified during the September 2005 sanitary survey.

State Statute does not allow refinancing existing debt under the loan program, therefore, the Division of Drinking Water reduced their request to the amount of \$242,000 on the construction loan. Staff recommends the Board authorize the \$242,000 construction loan at 2.85% for 20 years, including a loan origination fee authorized by the Board and at the amount authorized by the Board, with the condition that the Town of Circleville correct system deficiencies and compliance issues, and do whatever is necessary to become an approved water system. The existing \$20,000 planning loan that was previously authorized to Circleville would be rolled into the construction funding at loan closing.

Eric Franson, McKay Morgan and Marty Morgan, Circleville Town representatives, were available for comments and questions from the Board.

Ronald Thompson moved the Board authorize a \$242,000 construction loan at 2.85% interest for 20 years with a 0.5% loan origination fee as authorized by the Board, with the condition that they correct system deficiencies and compliance issues and do whatever is necessary to become an “approved” water system. The existing \$2,000 planning loan will be rolled into the construction funding at loan closing.

Discussion followed.

Ken Bassett seconded.

Ronald Thompson moved to amend his motion that the Board authorize a \$242,000 construction loan at 2.85% for 20 years with the amended loan origination fee at 0.5 % or 1% or whatever the Board sets the loan origination fee at, as authorized by the Board, with the condition that they correct system deficiencies and compliance issues and do whatever is necessary to become an “approved” water system. The existing \$2,000 planning loan will be rolled into the construction funding at loan closing.

Ken Bassett seconded.

**CARRIED
(Unanimous)**

c) Escalante Update

Karin Tatum gave an update on CIB’s authorization to Escalante at their Board meeting in April 2007. CIB authorized a \$910,895 grant and a \$1.25 million loan for 30 years at 2.5% in addition to the Drinking Water Board’s grant and loan of \$600,000 and \$1.56 million respectively. This brings the total of the project funding to \$4.3 million. Escalante is thinking about doing their project in 2 phases. The closing for the 2 phases should be completed in the next 6 months.

3) Federal SRF Applications

a) Croydon Deauthorization

Ken Wilde reported the Board authorized a loan at the August 13, 2004 Board meeting to Croydon. At that time, the average monthly cost per household was about \$100. Croydon chose not to proceed with the loan. Croydon hasn't been able to come up with an alternate proposal to come back to the Board, yet. Staff asked Croydon in January 2007 to respond and they haven't responded, yet. Staff proposes the Board deauthorize the loan. Croydon can come back to the Board with a new proposal when they are ready.

Discussion followed.

Petra Rust moved the Board authorize staff's recommendation to deauthorize the \$327,000 loan to Croydon Pipeline Company.

Ronald Thompson seconded.

**CARRIED
(Unanimous)**

b) Portage Additional Funding

Julie Cobleigh reported the Town of Portage is requesting additional funding in the amount of \$131,000 for increased construction costs. The Board authorized a loan of \$546,000 at 2.57% for 20 years, and a grant of \$544,500 to develop their Upper Spring, construct a new 500,000 storage tank, as well as install transmission lines at the September 9, 2005 Board meeting. Portage has been waiting for a water rights change application to go through, which was completed in January 2007. The project opened for bids in February, and the low bidder came in higher than what was originally budgeted for, and they used up most of their contingency money. Therefore, the SRF Conservation Committee recommends a \$611,000 construction loan at 2.12% for 25 years, a \$610,500 grant, and to approve the modified repayment schedule that is included in the packet.

Grant Smith, Bud Knudsen and Larry Howell, Portage Town representatives, were available for any questions and comments for the Board.

Mayor Larry Howell addressed the Board.

Discussion followed.

Paul Hansen moved the Board authorize an increase in the original funding to the Town of Portage to a \$611,000 construction loan at 2.12% for 25 years, a \$610,500 grant, and approve the modified repayment schedule in the packet.

Daniel Fleming seconded.

**CARRIED
(Unanimous)**

c) Erda Acres Special Service District

Karin Tatum reported that the SRF Conservation Committee met a few weeks ago. Karin gave an update to the Board on the project. Karin attended a meeting on March 23, 2007 with the Tooele County Commissioners, the county engineer, the local health department, and the consulting engineers to discuss this project in more detail. The proposed funding package presented at that meeting is in the packet. A lot of options were discussed.

Al Deware, Erda Acres Special Service District, Kevin Brown, Sunrise Engineers, and Doug Hogan, County Attorney, representing Erda Acres Special Service District, were available for comments and questions from the Board.

Kevin Brown presented some background history on Erda Acres Special Service District's project to the Board.

Karin Tatum mentioned there may be a contribution from the Airport as well as possibly from the County Commission, which was discussed in the March 23, 2007 meeting. Karin reviewed a potential funding package she put together as a result of the March 23, 2007 meeting.

Karin Tatum mentioned the Erda Acres Special Service District's project will be brought to the Board when it is finalized and ready for presentation.

Doug Hogan, County Attorney, addressed the Board.

Discussion followed.

ITEM 7 – AUTHORIZATION TO PROCEED WITH RULE ADOPTION – 2/LT2/LT1

Patti Fauver reported staff is requesting approve the process for rulemaking for the rest of the Stage 2/LT2/LT1 Rules. There were some minor changes the Board approved at the last Board meeting for staff to go to rulemaking. The changes were in the last packet.

Ronald Thompson moved the Board authorize staff to proceed with filing the effective notices for R309-105, 110, 210, 215, 220, and 225.

Paul Hansen seconded.

**CARRIED
(Unanimous)**

ITEM 8 – MOUNTAIN VIEW COMMUNITY PARK PENALTY REVISION

Patti Fauver reported Mountain View Community Park met with her and John Oakeson about three weeks ago about paying the \$3,500 penalty and providing information to staff so they could determine what type of a public water system Mountain View has. They submitted a lot-by-lot listing of the individuals that lived year round at system. It is a combination trailer park/recreational vehicle (RV) community. The total number of people year round is 24. They have other connections where no one stayed more than six months out of the year. With this information, they become classified as non-transient non-community water system based on the number of people served by the

system. They were ready to pay the penalty. It would be nice if they could do some inorganics testing with their quarterly bacteriological samples. But as a non-community system, they are not required to have an inorganics sample. In the interest of public health, and with children and adults living there, perhaps the penalty amount could be reduced on a new chemistry source. A new chemistry source would give us some background levels on all of the naturally occurring minerals.

Discussion followed.

Paul Hansen moved the Board authorize staff's recommendation to revise the stipulated penalty imposed on Mountain View Community Park, LLC (UTAH20034) to allow for the submittal of an invoice for a Total Inorganic Water Chemistry to reduce the penalty by a like dollar amount. The total of the analytical cost and the residual penalty will remain at \$3,500.

Petra Rust seconded.

Discussion on motion.

Jay Franson moved to amend the motion to include this as an exception to the rule. This is not standard policy. Staff thinks this information is needed for the benefit of public health and to be able to receive credit. They need to provide the information to the Drinking Water Board within 30 days. The information will be shared with the residents that are impacted.

Ronald Thompson seconded.

**CARRIED
(Unanimous)**

ITEM 9 – STATUS ON THE ANTIMONY VARIANCE FOR THE TOWN OF ALTA

Chairman Erickson reported that the Town of Alta received a variance for Antimony from the Board at the March 3, 2006 Board meeting.

Ken Bousfield reported Mark Haig gave testimony that raised some questions from the Board. The Board issued a Variance to the Town of Alta with certain conditions attached. The Town of Alta was directed to report back to the Board documenting that they didn't have access to any water to help dilute their existing source in order to comply with Antimony.

Ken updated the Board at the March 2, 2007 Board meeting on the information staff received from Alta supporting their contention. Ken received a phone call from Mark Haig before the March 2, 2007 Board meeting, wherein Mr. Haig requested an opportunity to address the Board at the May 11, 2007 meeting.

Discussion followed.

Mark Haig presented to the Board his reasons why he thinks the Town of Alta didn't meet the requirements of the Board's Variance conditions.

Chairman Erickson thanked Mark Haig for his report.

ITEM 10 – CHAIRMAN’S REPORT

Dianne Nielson reviewed a letter that is being written to the Senators and Representatives for the State of Utah addressing Funding for the State Safe Drinking Water Program. The letter will go out under Chairman Erickson’s signature, representing the Board. The Board members have a copy of the letter, and were asked to provide any comments and/or changes to the letter.

Comments and/or changes were provided. The letter will be finalized for signature before the end of the Board meeting, and mailed.

Ken Bassett moved the Board authorize Chairman Erickson, representing the Board, to sign the letter for mailing.

Ronald Thompson seconded.

**CARRIED
(Unanimous)**

ITEM 11 – DIRECTORS REPORT

a) Division Reorganization

Ken Bousfield mentioned there is a current organizational chart and a new organizational chart in the packet. Ken reported on the process and restructuring of the Division.

Ken Bousfield introduced 2 new employees: Michael Mortensen, Environmental Engineer, and Brad Holdaway, Environmental Scientist.

Michael Mortensen gave some background on his school and work experience.

Brad Holdaway gave some background on his school and work experience.

b) Division Planning Retreat

Ken Bousfield reported the Division held their annual retreat on April 10 – 11, 2007. Anne Erickson and Paul Hansen, represented the Board, at the annual retreat. Some goals were written for the Board to accomplish this coming year.

Ken Bousfield reported staff completes a weekly and a monthly report on their activities and accomplishments, and he sends the reports to the Executive Director. Anne Erickson and Paul Hansen were asked if the Board members would like to receive a copy of the weekly and monthly reports at the annual retreat. Ken will start sending the reports to the Board members.

Ken Bousfield mentioned the Board members that attend the annual retreat each year offer valuable comments and recommendations for staff on items to work on during the coming year. Staff values and appreciates the input they receive from the Board members.

c) Division Budget Issues

Ken Bousfield reported that one of the items the Division is looking at right now is an increase in program funding. To address this need, staff are investigating the possibilities of seeking Work Force Services money for Operator Certification Program training and certification, and Cross Connection Control or Backflow Program technician certification training.

Also, the Federal SRF application that staff submits as an “Intended Use Plan” will be increased by approximately \$50,000, to cover the existing short fall this year. Staff will be using a loan origination fee to recover the costs associated with state based federal assistance.

d) Division’s Work with Lorna Rosenstein Regarding Fluoride

Ken Bousfield reported that staff is working with Lorna Rosenstein on the fluoride presentation she made at the Board meeting on March 3, 2007. During the meeting with Lorna Rosenstein, staff defined the issues they could and couldn’t address. Ken gave an update on the meetings with Lorna and staff is working on the Fluoride issues she reported on at the Board’s March 2, 2007 Board meeting.

Ken Wilde reported staff will be applying for the 2007 Capitalization Grant. Staff will be providing an Intended Use Plan with the Capitalization Grant. The reports tell what staff has done with the money in the past, what the plan is for spending the Grant money, what the management plans are, detailing the Set Asides, the justification of all of the grants received to date, and how staff is breaking down what we will do with the Set Asides, and the total will be a 20% match of the federal money. Staff takes the state match and the same amount will become Set Asides, which will give staff \$8,229,000 for the loan program. The next section shows some financial material.

Chairman Erickson thanked Ken Wilde for staff’s hard work on this information.

ITEM 12 - NEWS ARTICLES

The new articles are in the packet.

ITEM 13 – LETTERS

The letters are in the packet.

ITEM 14 – NEXT BOARD MEETING

The next Board meeting will be held on July 13, 2007 in Cedar City, Utah. A breakfast will be provided with the tour of the Central Iron County regional project in the morning. Lunch will be provided. The Board meeting will be in the afternoon.

Ken Wilde updated the Board on the Shakespear Festival play on Thursday evening, tour with breakfast, lunch and the Board meeting.

ITEM 15 – OTHER

No other business.

ITEM 16 – ADJOURN

Chairman Erickson stated a motion to adjourn the Board meeting was in order.

A motion was made and seconded to adjourn the Drinking Water Board meeting at 3:55 pm.

**CARRIED
(Unanimous)**

Linda Matulich
Recording Secretary

AGENDA ITEM 5

SRF/CONSERVATION COMMITTEE REPORT

5. 1) STATUS REPORT – Ken Wilde

a) Loan Origination Fee

**DRINKING WATER BOARD
BOARD PACKET FOR LOAN ORIGATION FEE
INTRODUCTION FOR AUTHORIZATION**

INTRODUCTION:

On May 11, 2007 the Drinking Water Board authorized staff “to post a proposal to adopt a Loan Origination Fee for the 30-day public comment period.” A public hearing was held at 10:00 a.m. on Friday, June 22, 2007. See page 2 for minutes of the meeting, plus additional information.

PURPOSE OF THE LOAN ORIGATION FEE:

The Drinking Water Board (DWB) and the Water Quality Board (WQB) do not anticipate that the proposed loan origination fees will cause an increase in of administrative funds. The percentages have been established in order to be revenue neutral.

STAFF RECOMMENDATIONS:

The Board adopt a Loan Origination Fee (Fee) that will be added to all future and existing loans that have not closed as of today, July 13, 2007, except as exempted below.

Said Fee will be equal to one percent (1.0 %) of the Principal Amount of the Loan at the time of closing. The Fee may be adjusted in the future to balance the amounts collected with expenditures.

The Fee will not be assessed on any Planning Loans unless specifically required by the Board at the time a specific Planning Loan is authorized.

The Fee will not be assessed on any Grants.

The Fee will be due and payable by the applicant at loan closing.

The Fee may be paid with proceeds of the loan.

If an applicant with an existing loan (as of July 13, 2007) has insufficient funding to pay the Fee, said applicant may petition the Board to increase the amount of funding by the amount needed.

RECOMMENDED MOTION FOR BOARD AUTHORIZATION:

Authorize a Loan Origination Fee (Fee) on all future and existing loans that have not closed as of today, July 13, 2007, as recommended by staff.

The Board herewith instructs staff to send an amended authorization letter to all applicants with existing loans listing the estimated amount of the Fee and notifying them that they will be required to pay said Fee at loan closing. Provide the same information in all future loan authorization letters.

PUBLIC HEARING – May 22, 2007

INTRODUCTION:

On May 11, 2007 the Drinking Water Board (Board) authorized staff to post a proposal to adopt a Loan Origination Fee for the 30-day public comment period. A public hearing was held jointly for the Drinking Water Board and the Water Quality Board at 10:00 a.m. on Friday, June 22, 2007 in room 114 of the Cannon Health Building, 288 North 1460 West, Salt Lake City, Utah.

Notices were sent to Local Health Departments, Cities, Towns and Water Improvement Districts. (Copy of notice enclosed)

SUMMARY OF MEETING:

Anne Erickson, Chairman of the Drinking Water Board and Hearing Officer, called the meeting to order, stated the purpose of the meeting, and clarified the procedures for the hearing.

Ed McCauley, Construction Assistance Section Manager, Division of Water Quality, read the staff statement of the purpose of the proposed Loan Origination Fee.

“Historically, the Division of Water Quality and the Division of Drinking Water have charged loan recipients an administrative fee. Division personnel have billed time worked to individual projects. Thereafter, the Divisions have prepared and mailed invoices for said work and collected the administrative fee on a semi-annual or quarterly basis. This process has been both inefficient and time intensive.

In order to improve the process, the Division of Drinking Water and the Division of Water Quality intend to implement a loan origination fee. The Division of Drinking Water loan origination fee is equal to 1.0% of the principal loan amount. The Division of Water Quality loan origination fee is equal to 0.5% of the principal loan amount. This fee will be due at the time of loan closing and may be paid with loan proceeds. Upon collection, the loan origination fee will be placed into an administrative fee sub-account. Personnel expenses for time spent on funded projects will be supported through the sub-account. The loan origination fee will eliminate the need for the quarterly billing process and will create a steady stream of funding costs associated with the administration of the loan programs.

The Drinking Water Board (DWB) and the Water Quality Board (WQB) do not anticipate that the proposed loan origination fees will cause an influx of administrative funds. The percentages have been established in order to be revenue neutral.”

Ken Wilde (DDW) read the e-mail sent from John Iverson and paraphrased the concerns expressed by Chris Webb in an e-mail. Jim Matsumori expressed his support of the fee. (Copies of all 3 statements are enclosed, followed by staff responses to the 3 public comments).



**COMMENTS ARE INVITED
ON THE PROPOSED
LOAN ORIGATION FEE**

The Utah Drinking Water Board and Utah Water Quality Board are considering implementation of a Loan Origination Fee that would be charged on all loans, 1.0% of the loan amount by the Drinking Water Board and 0.5% by the Water Quality Board. The Loan Origination Fee Schedule may be viewed or downloaded from the Division of Drinking Water's website, <http://www.drinkingwater.utah.gov> or from the Division of Water Quality's website, <http://www.waterquality.utah.gov>.

A public hearing has been scheduled on Friday, June 22, 2007 at 10:00 a.m. in Room 114 of the Cannon Health Building located at 288 North 1460 West, Salt Lake City, Utah.

Comments must be received by June 22, 2007 and can be mailed to Kenneth H. Bousfield, Division of Drinking Water, 1950 West North Temple, P.O. Box 144830, Salt Lake City, Utah 84114-4830 or to Walter L. Baker, Division of Water Quality, 288 North 1460 West, P.O. Box 144870, Salt Lake City, Utah 84114-4870.

In compliance with the Americans with Disabilities Act, individuals needing special accommodations (including auxiliary communicative aids and services) during this hearing should notify Kaye Crawford at (801)536-4415, 168 North 1950 West, 2nd Floor, Salt Lake City, Utah, at least three working days prior to the hearing. (TDD 801-536-4414).

Ken, Please print out a copy of this e-mail to include in the public record associated with the fee hearing.

Thanks,
Ken B

>>> "John Iverson" <jiverson@sunrise-eng.com> 6/13/2007 1:09 PM >>>

I received the attached card requesting comments on the proposed loan origination fees proposed for Division of Drinking Water and the Division of Water Quality.

The various state and federal funding boards control the interest rates and fees on the loans that they authorize and issue. If the loan origination fee being requested can be rolled into the loan principal as a qualified project expense, and repayment of the loan including the fees remains within the affordability guidelines established for providing loans and grants to communities, districts, agencies, etc. (grant threshold being 1.75% of MAGI for Drinking Water and 1.4% for Water Quality) then I take no issue with the proposed fees. However, if the loan origination fee is not a qualified project expense and can not be included as part of the loan principal to be repaid by the applicant, I am against the proposed fees.

An across the board flat rate percentage is a fair way to set the fee. Large loans for large projects will subsidize the staff administration costs of small loans for small projects. Be mindful that the fee is not set too high. Without access to staff costs to review, one percent seems pretty steep. Smaller systems with few connections generally can't afford the loans required when their systems need improvements. Even when grants are factored into their costs, in some cases the burdens are very difficult.

These are my personal comments. They are not official comments of Sunrise Engineering, Inc. or the partners of Sunrise Engineering, Inc. for whom I work.

John Iverson

From: Chris Webb <cwebb@blanding-ut.gov>
To: Ken Wilde <kwilde@utah.gov>
Date: 6/1/2007 10:58 AM
Subject: Loan Origination Fee

CC: Brad King <bradking@utah.gov>, <danielf2368@yahoo.com>, <kbassett@vernal...
Ken,

The City of Blanding is not in favor of a Loan Origination Fee in any amount in Water Quality or Drinking Water. The proposed 1% or .5% origination fee will come right off the top of the funding being provided. Tax dollars are already being used to support all aspects of the Division. If additional funding is needed to support the operation of the Division it should go through the budget process that requires legislative approval and review, which includes accountability to the people. If the appropriate case is put together to justify needed funds, allocations will be made if funding is available, we know that the State is in a situation that funds are available. We know it is hard to work through the politics!

Communities are already struggling to get projects on the ground, now the Division is proposing to take State Revolving Funds and additional Federal Revolving Funds to support Division operations which means less actual project or water infrastructure improvement that will get completed. We don't think it is right to take money that is set aside, and should be being used to do badly needed capital projects for small communities and turn it into operation funding for the Division.

As a previous Board Member of eight years, I understand the issue. An origination fee has been suggested before and defeated. Don't take away funding from the small communities. This is not where it should come from!! Solve the real problem.

Respectfully,

City of Blanding

Chris Webb
City Manager
(435) 678-2791 Ext. 302



State of Utah

Department of
Environmental Quality

Richard W. Sprott
Executive Director

DIVISION OF DRINKING WATER
Kenneth H. Bousfield, P.E.
Director

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

MEMORANDUM

TO: Drinking Water Board

FROM: Ken Wilde, P.E.
Assistant Executive Secretary

DATE: June 29, 2007

SUBJECT: Transcript of statement from Loan Origination Fee Public Hearing

The following is a transcript of the statement provided by Jim Matsumori, Executive Vice President of George K. Baum and Company: "My role in these transactions and dealing with both of these divisions and departments is one as financial advisor, we also serve as underwriter for the open market bonds that are often issued that go concurrently with building a project. I would like to go on record as being in support of the proposed origination fee concept, paying the professionals, being bond counsel, trustees, financial advisors or underwriters, at the front or at the beginning, concurrent with the closing of a loan is industry standard and practice and I concur that stringing this out on a quarterly basis over the life of the loan is an inefficient and ineffective way to administer such fee. For a matter of public record, I would suggest and make the recommendation that such fee, at least a portion of such fee be used for salaries, either in the recruitment of new personnel or for the existing pay rate structure as fiduciary, excuse me, as custodian of hundreds of literally hundreds of millions of dollars of public funds. You are responsible and have a fiduciary responsibility for public responsibility and trust. And I think it's incumbent that you hire the very best people. It is my impression that given the current wage rates and scale and the current demands on work force, that these departments and divisions are unable to maintain and keep their qualified personnel and even hire qualified new ones. I would like to make that a matter of public record and hope that is considered. Thank you very much."

RESPONSES TO PUBLIC COMMENTS

Staff of the Division of Drinking Water, Department of Environmental Quality (DEQ), makes the following responses to the public comments:

John Iverson, e-mail dated 6-13-07:

1. The Loan Origination Fee (Fee) is an eligible project cost and can be rolled into the loan.
2. The percentage is based on an evaluation of the cost to administer the loans. We believe that the market will bear this percentage.

Chris Webb, City Manager, City of Blanding, Utah, e-mail dated 6-1-07:

1. The State Legislature supports the Loan Origination Fee (Fee) as a method for recovering the costs of administering the SRF financial assistance programs, as evidenced by their amending State Statute this past legislative session to allow the Drinking Water Board and Water Quality Board to assess the Fee.
2. The State Legislature does not support increasing appropriations to the DEQ. In 2007 DEQ was the only department that the Legislative Appropriations Committee asked to explain how it would make budget cuts in a year with an anticipated \$1.8 billion revenue surplus.

Jim Matsumori, Executive Vice President, George K. Baum and Company, statement made at public hearing:

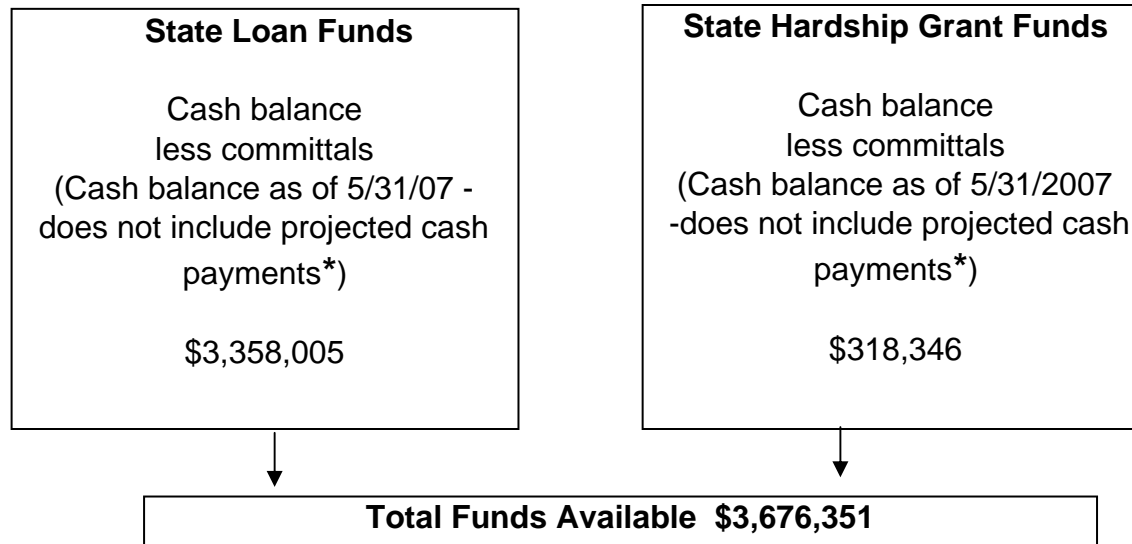
Thank you for your support.

5. 1) STATUS REPORT – Ken Wilde

b. Status Report

**DIVISION OF DRINKING WATER
STATE LOAN FUNDS
CASH BALANCE AS OF MAY 31, 2007**

All interest payment and investment earning are deposited to the Hardship Grant Fund



The sales tax maximum is \$3,587,500

*Projected repayments Jun 1, 2007 to May 31, 2008

- 1- principal payments \$2,634,929 plus interest \$668,619.
- 2- investment earnings \$540,000.
- 3- FY2007 sales tax \$3,587,500.

Total Funds Available Including Projected \$11,107,399

DIVISION OF DRINKING WATER
STATE LOAN FUNDS
PROJECTS AUTHORIZED BUT NOT YET FUNDED
AS OF MAY 31, 2007

Community	Loan #	Cost Estimate	Date Authorized	Date Closed/Anticipated	Authorized Funding		
					Loan	Grant	Total
Garden City 2.31% 20 yr*	3S048	2,700,000	Sep-02	Aug-07	\$1,746,000		\$1,746,000
West Erda 0% 20 yr	3S074	760,000	Jun-04	?	380,000	380,000	760,000
Orderville 2.22% 30 yr	3S099	3,918,000	Nov-06	Aug-07	1,569,000	600,000	2,169,000
Escalante 2.46% 30 yr	3S104	2,160,896	Mar-07	Aug-07	1,560,000	600,896	2,160,896
Circleville 2.85 20 yr	3S105		May-07		242,000		242,000
PLANNING LOANS/GRANTS							
Enterprise (planning loan 0% 5 yr)	3S092	7,000	May-06	Jun-07	7,000		7,000
Austin (planning grant)	3S102	14,000	Jan-07	Jun-07		14,000	14,000
Wellington (pl loan 2% 5 yr)	3S104	40,000	Mar-07	Jun-07	40,000		40,000
Enoch (pl loan 0% 5 yr)	3S106	36,000	May-07	Jun-07	36,000		36,000
							0
Total authorized but not yet funded					\$5,580,000	\$1,594,896	\$7,174,896
FY 2007 Federal SRF 20% match					\$1,645,880		\$1,645,880
DDW Board Admin Fee					129,300		129,300
Grand Total					\$7,355,180	\$1,594,896	\$8,950,076
Recently Closed:							
Vernon 0% 30 yr	3S090	1,124,000	Mar-06	07-May-07	686,000	391,000	1,077,000
Clarkston 2.74% for 20 yr	3S098	785,000	Nov-06	30-May-07	705,000		705,000
Glen Canyon SSD @ 0% 20 yr	3S101	850,000	Nov-06	14-May-07	484,000	327,000	811,000
*Garden City BAN \$254,000							

DIVISION OF DRINKING WATER

FEDERAL SRF

AS OF May 31, 2007

Earnings On Invested Cash Balance \$1,005,806

1997 thru 2006 SRF Grants	
NET FED SRF GRANTS	\$67,342,670
TOTAL STATE MATCHES	\$16,712,820
TOTAL GRANTS \$	\$84,055,490

Principal Repayments	
Principal	\$9,770,331
Interest	\$864,000
Interest	\$10,634,331

SUMMARY (HOW THE FUNDS HAVE BEEN USED)	
TOTAL LOAN FUND	\$95,695,627
TOTAL HARDSHIP FUND	\$2,573,183
LESS:	
CLOSED LOANS	(78,598,246)
AUTHORIZED HF(schedule attached)	(65,000)
AUTHORIZED LN (schedule attached)	(13,380,000)
AVAILABLE CASH 5/31/2007 *	6,225,564

Hardship Fund	
Earned	\$2,573,183
Authorized	(65,000)
Authorized	\$2,508,183

Projected receipts next twelve months:

Payment:

2007 Fed SRF Grant	\$6,562,696
State 20% Match for FY 2007	\$1,645,880
Interest on Investments	\$366,000
Principal payments	\$2,846,200
Interest	\$497,354
Hardship fees	\$570,914
Total	\$12,489,044

Total Estimated Federal SRF Funds Available through 5/31/2008	\$18,714,608
--	---------------------

*The remaining federal cap grant fund balance available for projects currently under construction totals approximately \$14,500,000

DIVISION OF DRINKING WATER
FEDERAL SRF
PROJECTS AUTHORIZED BUT NOT YET CLOSED
AS OF MAY 31, 2007

Community	Project			Authorized	Closing Date	Authorized From Loan Funds			Hardship
	Total	Terms	Loan #	Date	Scheduled	Loan	Forgiveness	Total	Fund
Central Iron WCD Ph II	7,870,250	2.17% int 20 yrs	3F063	Nov-06	Aug-07	3,425,000		3,425,000	
Enterprise	184,000	n/a	3F049	Mar-05	Jul-07			0	15,000
Logan #3	9,545,000	0.8% int 20 yrs	3F052	May-05	Oct-07	3,000,000		3,000,000	
St George	15,000,000	1.77% int 20 yrs	3F047	Mar-05	Jan-08	6,000,000		6,000,000	
Twin Creeks #2	1,200,000	0% int 30 yrs	3F028	Apr-03	Aug-07	360,000	90,000	450,000	
Woodland Kolob Acres	450,000	3.63% int 15 yrs	3F048	Mar-05	Aug-07	450,000		450,000	
Total Construction:						\$ 13,235,000	\$ 90,000	\$ 13,325,000	\$ 15,000
Planning Advances (Grant/Loan) Authorized:									
Beaver Dam Water	20,000	planning loan	3F062	May-06	Jun-07	20,000		20,000	
Centerfield	50,000	planning grant	3F068	Nov-06				0	50,000
Greenwich	20,000	planning loan	3F065	Sep-06	Jun-07	20,000		20,000	
Leeds Domestic WUA	15,000	planning loan	3F066	Mar-07		15,000		15,000	
Total Planning:						\$55,000		\$55,000	\$50,000
TOTAL AUTHORIZED LOANS AND GRANTS								\$13,380,000	\$65,000
Recent Loan Closings:									
Erda Acres	20,000	planning grant	3F064	Sep-06	pd 3/5/2007			0	20,000
Portage	1,090,500	2.12% int 20 yrs	3F054	Sep-05	24-May-07	611,000		611,000	610,500
Central Iron WCD	75,000	planning loan	3F063	Sep-06	pd 3/22/2007	74,438		74,438	

5. 2) STATE SRF APPLICATIONS

a) Project Priority List (Karin)

Presented to the Drinking Water Board
July 13, 2007

PROJECT PRIORITY LIST

One applicant has been added to the Project Priority List, Midvale City.

Midvale City scored 19.6 points. Midvale City recently completed a culinary water system master plan. The master plan has identified and prioritized projects that must be completed by the City in order to correct existing deficiencies in the system as well as to provide facilities to meet anticipated growth within the city. The project includes a 4.0 Million Gallon water storage tank, well rehabilitation and pipeline improvement projects. Proposed project cost is \$9,852,500.

SRF/Conservation Committee recommends that the Board Approve the updated Project Priority List.

June 1, 2007

Utah Federal SRF Program

Project Priority List

[illegible]

A = Authorized for funding
N = New Application

5. 2) STATE SRF APPLICATIONS

b) Toquerville Planning Loan (Rich)

**DRINKING WATER BOARD
BOARD PACKET FOR PLANNING LOAN
AUTHORIZATION**

APPLICANT'S REQUEST:

Toquerville City is requesting a Planning Loan for the amount of \$16,000 to develop a Culinary Water System Master Plan.

STAFF COMMENTS & RECOMMENDATIONS:

Staff recommends the authorization of the proposed \$16,000 planning loan to the City at 0% interest for 5-years for planning, with the option that the City may roll the balance of any loan principle into a future construction loan at the interest rate established when said construction project is authorized. The planning loan would allow Toquerville City to develop a Culinary Water System Master Plan to identify and properly address current and future needs of the area and their system, and to determine what facilities will allow the City to meet the needs of the community.

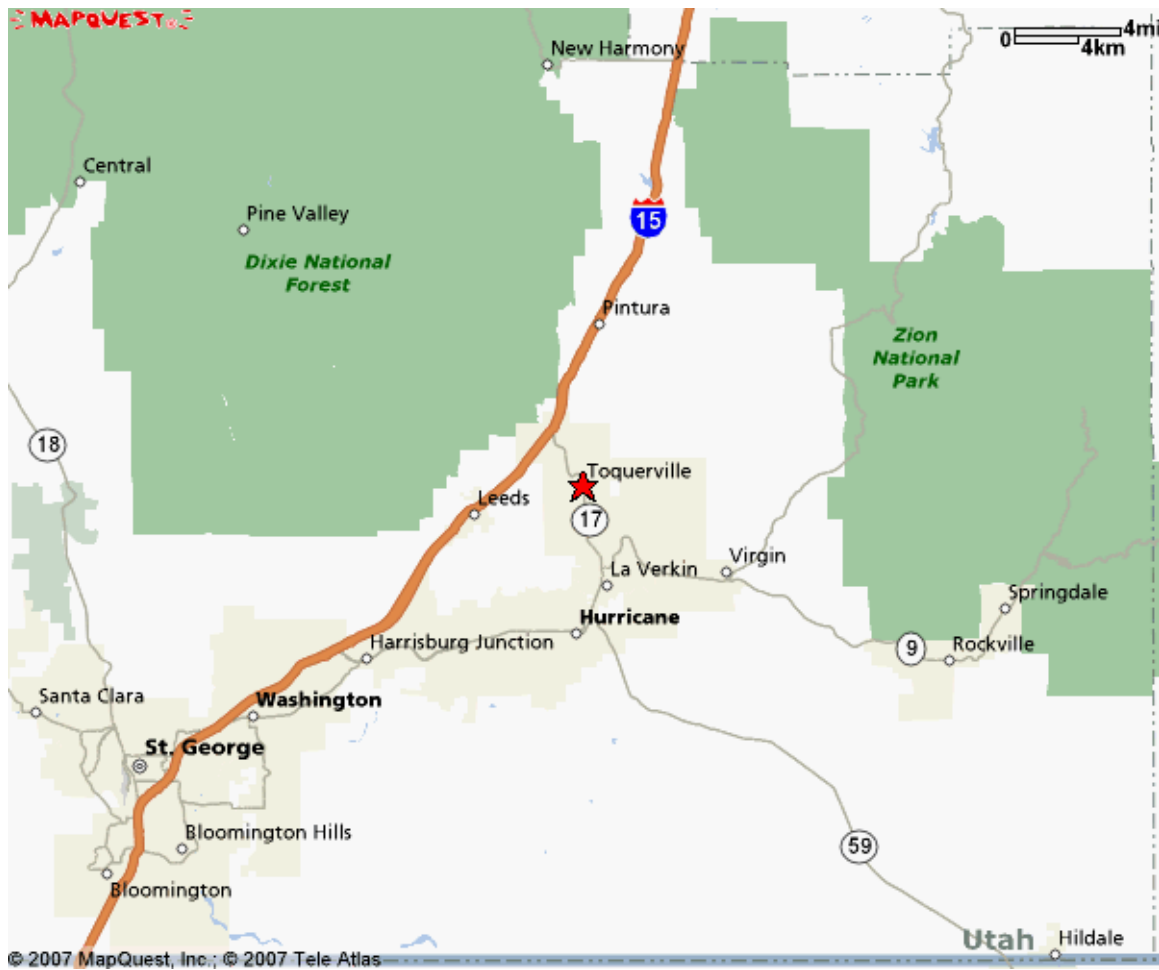
SRF/CONSERVATION COMMITTEE RECOMMENDS:

The Drinking Water Board authorize a \$16,000 planning loan to Toquerville City at 0% for 5 years, repaying approximately \$3,000 annually, beginning one year from the date the loan agreement is signed.

APPLICANT'S LOCATION:

Toquerville City is located in Washington County, approximately 23 miles north-east of St. George, Utah.

MAP OF APPLICANT'S LOCATION:



PLANNING DESCRIPTION/SCOPE OF WORK:

Analysis includes water rights, source requirements, storage requirements, treatment requirements and distribution system. The analysis will also cover both current and projected needs based on the current usage within the City. It will consider the current zoning of the City and historic population growth to project future demands and growth patterns. As a result of the study, they would identify and recommend any improvements to the system that may be needed to allow the City to meet Drinking Water requirements and provide a cost estimate for these recommendations.

The cost for this master plan would include a summary of the water rights owned by the City. This summary would include a detailed search of over 300 available scanned documents from the Divisions of Water Resources website, which is required to verify the quantities listed on the summary page of their website. The consultant's water rights specialists would then provide a list of any problems and potential solutions that they can identify with the water rights. The study would include an analysis of the distribution system. A computer model would be built to help identify any problems that the distribution system has in providing enough water during times of peak use (including a fire flow analysis). Also included in the study would be an analysis of the City's water rates and impact fees. Based on the recommended projects, new rates and impact fees would be suggested. A 20 year cashflow spreadsheet would also be provided. These tools would help ensure that the water system remains financially viable.

POPULATION GROWTH:

According to the Governor's Office of Planning and Budget, the greater Sevier County area is estimated to grow at an annual average rate of change of approximately 2.81% through the year 2030.

	<u>Year</u>	<u>Population</u>	<u>ERC's</u>
Current:	2007	1250	245
Projected:	2030	3256	421

IMPLEMENTATION SCHEDULE:

Apply to DWB for Planning Funds:	May 2007
SRF Committee Conference Call:	June 2007
DWB Funding Authorization:	July 2007
Completion of Master Plan:	Sept 2007

COST ESTIMATE:

Master Plan:	<u>\$16,000.00</u>
Total Planning Cost:	\$16,000.00

COST ALLOCATION:

The cost allocation proposed for the project is shown below.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (0%, 5-yr)	<u>\$16,000.00</u>	<u>100%</u>
Total Amount:	\$16,000.00	100%

SPECIAL CONDITIONS:

1. Resolve the appropriate issues on their compliance report.

APPLICANT:

Toquerville City
212 Toquer Blvd. PO Box 27
Toquerville, Utah 84774
Telephone: (435) 635-1094

PRESIDING OFFICIAL &
CONTACT PERSON:

Ken Powell, Mayor
212 Toquer Blvd. PO Box 27
Toquerville, Utah 84774
Telephone: (435) 635-1094
Email: wilpo@charterinternet.org

CONSULTING ENGINEER:

Joe Phillips, P.E.
Sunrise Engineering, Inc.
11 North 300 West
Washington, Utah 84780
Telephone: (435) 652-8450
Email: jphillips@sunrise-eng.com

FINANCIAL CONSULTANT:

None Appointed

ATTORNEY:

None Appointed

27018 Toquerville
Compliance Report
June 7, 2007

Administration:

No issues

Operator Certification:

System has an operator certified at a higher level than necessary.

Bacteriological Information:

No issues

Chemical Monitoring:

No issues

Lead/Copper:

No issues

Consumer Confidence Reports:

No issues

Physical Facilities:

Toquerville spring lacks a flow measuring device and needs a properly screened air vent.

Toquerville spring treatment facility needs a chlorine repair kit and a leak detection kit for a 150 pound cylinder.

Drinking Water Source Protection:

No issues

5. 2) STATE SRF APPLICATIONS –

c) Greenwich (Michael)

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN
INTRODUCTION TO DWB**

APPLICANT'S REQUEST

The town of Greenwich is requesting \$221,300 in financial assistance to construct a 200,000 gallon culinary water storage reservoir. The new reservoir will bring the town into compliance with state-mandated storage and fire flow requirements.

STAFF COMMENTS AND RECOMENDATIONS:

The current average water bill is \$20.00 per month, based on information supplied by Greenwich. Based on the financial evaluation, the town qualifies for grant money.

The initial financial evaluation, a 100% loan at full interest, returned an interest rate of 3.05% over 20 years and a water user rate of \$65.75 per user per month, which is 2.98% of local MAGI. According to the Preliminary Engineering Report submitted by Franson Civil Engineers on behalf of Greenwich, the existing transmission and distribution lines are undersized and will need to be replaced at some point in the future. Given the potential for future projects, likely requiring financial assistance, Staff is reluctant to increase the present water user rate by almost 200%, not to mention raising the water rate above the standard guideline of 1.75% of local MAGI.

Additional analysis of financial options for this project identified that a financial package consisting of 50% loan and 50% grant would be most beneficial to Greenwich. Under the recommended financing package the water user rate after project completion will be \$36.31. This is an 81% increase over the current water rate but leaves some allowance for future rate increases to finance additional needed infrastructure improvements.

SRF COMMITTEE RECOMMENDATION

The SRF Committee recommends that the Board authorize a \$110,300 grant and a \$111,000 construction loan at 0% for 20 years, to the Town of Greenwich for construction of a 200,000 gallon culinary water storage reservoir, with the condition that Greenwich resolve the issues outlined in their compliance report. The previously approved \$20,000 planning loan will be rolled into the proposed construction loan at the interest rate and repayment schedule approved for the construction loan.

APPLICANT'S LOCATION:

The Town of Greenwich is located in Piute County, approximately 30 miles north of Otter Creek Reservoir on State Highway 62.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

Construct a 200,000 gallon culinary water storage reservoir to bring the town into compliance with state-mandated storage and fire flow requirements.

ALTERNATIVES CONSIDERED:

Three different reservoir locations and two different reservoir capacities were considered for this project. The proposed reservoir size and location were chosen as the best solution, from both a compliance and an economic standpoint.

POPULATION GROWTH:

According to the Governor's Office of Planning and Budget, the Town of Greenwich is expected to grow at an average annual rate of change of 0.85% through 2030.

	Year	Population	ERC's
Current	2005	49	31
Projected	2030	65	41

IMPLEMENTATION SCHEDULE:

Apply to DWB for Funding:	July 2007
DWB Funding Authorization:	July 2007
Plans Submitted:	September 2007
Plan Approval:	October 2007
Advertise for Bids:	November 2007
Bid Opening:	November 2007
Loan Closing:	December 2007
Begin Construction:	January 2008
Complete Construction:	April 2008

COST ESTIMATE:

Construction:	\$250,000
Engineering:	\$41,250
Contingency:	\$26,000
Legal/Bonding:	\$2,750
DDW Loan Origination Fee:	\$1,300
Total Capital Cost:	<u>\$321,300</u>

COST ALLOCATION:

The cost allocation proposed for the project is shown below.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (0%, 20 yrs)	\$111,000	34.55%
DWB Grant	\$110,300	34.33%
CUWCD Grant	\$100,000	31.12%
Total Amount:	<u>\$321,300</u>	<u>100.00%</u>

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation & Maintenance:	\$4,000
DDW Debt Service (0%, 20 yrs):	\$7,607
DDW 10% Coverage:	\$1,141
DDW 15% Partial Coverage:	\$761
Total Annual Cost / ERU:	\$435.77
Monthly Cost / ERU:	\$36.31
Cost as % of MAGI:	1.64%

SPECIAL CONDITIONS:

1. Resolve the appropriate issues on their compliance report.

CONTACT INFORMATION:

APPLICANT: Greenwich Culinary Water System
HC 80 Box 525
Greenwich, UT 84732
435-638-7327

PRESIDING OFFICIAL &
CONTACT PERSON: Gary DeLeeuw, President
HC 80 Box 525
Greenwich, UT 84732
435-638-7327

CONSULTING ENGINEER: Eric Franson
Franson Noble Engineering
1276 S 820 E, Ste 100
American Fork, UT 84003
801-756-0309

ATTORNEY: none appointed

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Greenwich

FUNDING SOURCE: State SRF

COUNTY: Piute

PROJECT DESCRIPTION: New water tank

100% Loan

ESTIMATED POPULATION:	49	NO. OF CONNECTIONS:	31	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$20.00 *			PROJECT TOTAL:	\$342,400
CURRENT % OF AGI:	0.91%	FINANCIAL PTS:	39	LOAN AMOUNT:	\$242,400
ESTIMATED MEDIAN AGI:	\$26,515			GRANT AMOUNT:	\$0
STATE AGI:	\$34,801			TOTAL REQUEST:	\$242,400
SYSTEM % OF STATE AGI:	76%				

	@ ZERO % MKT RATE 0%	@ RBBI RATE 4.50%	AFTER REPAYMENT PENALTY & POINTS 3.05%
ASSUMED LENGTH OF DEBT, YRS:	20	20	20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.50%	3.05%
REQUIRED DEBT SERVICE:	\$12,120.00	\$18,634.78	\$16,368.50
*PARTIAL COVERAGE (15%):	\$1,818.00	\$2,795.22	\$2,455.27
*ADD. COVERAGE AND RESERVE (10%):	\$1,212.00	\$1,863.48	\$1,636.85
ANNUAL DEBT PER CONNECTION:	\$488.71	\$751.40	\$660.02
O & M + Depreciation:	\$6,000.00	\$6,000.00	\$6,000.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00	\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00	\$0.00
NEEDED SYSTEM INCOME:	\$4,000.00	\$4,000.00	\$4,000.00
ANNUAL O&M PER CONNECTION:	\$129.03	\$129.03	\$129.03
AVG MONTHLY WATER BILL:	\$51.48	\$73.37	\$65.75
% OF ADJUSTED GROSS INCOME:	2.33%	3.32%	2.98%

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Greenwich

FUNDING SOURCE: State SRF

COUNTY: Piute

PROJECT DESCRIPTION: New water tank

50% loan - 50% grant

ESTIMATED POPULATION:	49	NO. OF CONNECTIONS:	31	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$20.00 *			PROJECT TOTAL:	\$340,000
CURRENT % OF AGI:	0.91%	FINANCIAL PTS:	31	LOAN AMOUNT:	\$131,000
ESTIMATED MEDIAN AGI:	\$26,515			GRANT AMOUNT:	\$110,300
STATE AGI:	\$34,801			TOTAL REQUEST:	\$241,300
SYSTEM % OF STATE AGI:	76%				

	@ ZERO % MKT RATE 0%	@ RBBI RATE 4.50%	AFTER REPAYMENT PENALTY & POINTS 0.00%
ASSUMED LENGTH OF DEBT, YRS:	20	20	20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.50%	0.00%
REQUIRED DEBT SERVICE:	\$6,500.00	\$9,993.90	\$6,500.00
*PARTIAL COVERAGE (15%):	\$1,499.08	\$1,499.08	\$975.00
*ADD. COVERAGE AND RESERVE (10%):	\$650.00	\$999.39	\$650.00
ANNUAL DEBT PER CONNECTION:	\$279.00	\$402.98	\$262.10
O & M + Depreciation:	\$6,000.00	\$6,000.00	\$6,000.00
OTHER DEBT + COVERAGE:	\$0.00	\$0.00	\$0.00
REPLACEMENT RESERVE ACCOUNT:	\$0.00	\$0.00	\$0.00
NEEDED SYSTEM INCOME:	\$4,000.00	\$4,000.00	\$4,000.00
ANNUAL O&M PER CONNECTION:	\$129.03	\$129.03	\$129.03
AVG MONTHLY WATER BILL:	\$34.00	\$44.33	\$36.31
% OF ADJUSTED GROSS INCOME:	1.54%	2.01%	1.64%

Greenwich

\$131,000 Loan 20 years at 0%; \$110,300 Grant

DWB Loan Terms

Local Share (total):	\$	-
Other Agency Funding:	\$	100,000
DWB Grant Amount:	\$	110,300
DWB Loan Amount:	\$	131,000
DWB Loan Term:		20
DWB Loan Interest:		0.00%
DWB Loan Payment:	\$	6,550

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	340,000
Existing Facility O&M Expense:	\$	6,000
Proposed Facility O&M Expense:	\$	6,000
O&M Inflation Factor:		1.5%
Existing Debt Service:	\$	-

DW Revenue Sources (Projected)

Beginning Cash:	\$	5,000
Existing Customers (ERC):		31
Projected Growth Rate:		0.4%
Impact Fee/Connection Fee:	\$	2,000
Current Monthly User Charge:	\$	20.00
Needed Average Monthly User Charge:	\$	36.31

DW Revenue Projections

Yr	Growth Rate (%)	Annual Growth (ERC)	Total Users (ERC)	User Charge Revenue	Impact Fee Revenue	Total Revenue	DWB Loan Repayment	DWB Loan Reserves	Remaining Principal	Principal Payment	Interest Payment	Existing DW Debt Service	O&M Expenses	Total Expenses	Beginning Cash	Ending Cash Flow	Net Revenue	Debt Service Ratio
0	0.4%	0	31	\$7,440	\$0	\$7,440	\$0	\$0	\$131,000	\$0	\$0	\$0	\$6,000	\$6,000	\$5,000	\$6,440	\$1,440	-
1	0.4%	1	32	\$13,943	\$2,000	\$15,943	\$6,000	\$655	\$125,000	\$6,000	\$0	\$0	\$6,000	\$12,655	\$6,440	\$9,728	\$3,288	1.66
2	0.4%	0	32	\$13,943	\$0	\$13,943	\$6,000	\$655	\$119,000	\$6,000	\$0	\$0	\$6,090	\$12,745	\$9,728	\$10,926	\$1,198	1.31
3	0.4%	1	33	\$14,379	\$2,000	\$16,379	\$6,000	\$655	\$113,000	\$6,000	\$0	\$0	\$6,181	\$12,836	\$10,926	\$14,468	\$3,542	1.70
4	0.4%	0	33	\$14,379	\$0	\$14,379	\$6,000	\$655	\$107,000	\$6,000	\$0	\$0	\$6,274	\$12,929	\$14,468	\$15,918	\$1,450	1.35
5	0.4%	1	34	\$14,814	\$2,000	\$16,814	\$6,000	\$655	\$101,000	\$6,000	\$0	\$0	\$6,368	\$13,023	\$15,918	\$19,709	\$3,791	1.74
6	0.4%	0	34	\$14,814	\$0	\$14,814	\$6,000	\$655	\$95,000	\$6,000	\$0	\$0	\$6,464	\$13,119	\$19,709	\$21,405	\$1,696	1.39
7	0.4%	1	35	\$15,250	\$2,000	\$17,250	\$6,000	\$655	\$89,000	\$6,000	\$0	\$0	\$6,561	\$13,216	\$21,405	\$25,440	\$4,035	1.78
8	0.4%	0	35	\$15,250	\$0	\$15,250	\$6,000	\$655	\$83,000	\$6,000	\$0	\$0	\$6,659	\$13,314	\$25,440	\$27,376	\$1,936	1.43
9	0.4%	1	36	\$15,686	\$2,000	\$17,686	\$6,000	\$655	\$77,000	\$6,000	\$0	\$0	\$6,759	\$13,414	\$27,376	\$31,648	\$4,272	1.82
10	0.4%	0	36	\$15,686	\$0	\$15,686	\$7,000	\$655	\$70,000	\$7,000	\$0	\$0	\$6,860	\$14,515	\$31,648	\$32,818	\$1,171	1.26
11	0.4%	1	37	\$16,122	\$2,000	\$18,122	\$7,000		\$63,000	\$7,000	\$0	\$0	\$6,963	\$13,963	\$32,818	\$36,977	\$4,158	1.59
12	0.4%	0	37	\$16,122	\$0	\$16,122	\$7,000		\$56,000	\$7,000	\$0	\$0	\$7,068	\$14,068	\$36,977	\$39,031	\$2,054	1.29
13	0.4%	1	38	\$16,557	\$2,000	\$18,557	\$7,000		\$49,000	\$7,000	\$0	\$0	\$7,174	\$14,174	\$39,031	\$43,414	\$4,384	1.63
14	0.4%	0	38	\$16,557	\$0	\$16,557	\$7,000		\$42,000	\$7,000	\$0	\$0	\$7,281	\$14,281	\$43,414	\$45,691	\$2,276	1.33
15	0.4%	1	39	\$16,993	\$2,000	\$18,993	\$7,000		\$35,000	\$7,000	\$0	\$0	\$7,391	\$14,391	\$45,691	\$50,293	\$4,603	1.66
16	0.4%	0	39	\$16,993	\$0	\$16,993	\$7,000		\$28,000	\$7,000	\$0	\$0	\$7,501	\$14,501	\$50,293	\$52,785	\$2,492	1.36
17	0.4%	1	40	\$17,429	\$2,000	\$19,429	\$7,000		\$21,000	\$7,000	\$0	\$0	\$7,614	\$14,614	\$52,785	\$57,600	\$4,815	1.69
18	0.4%	0	40	\$17,429	\$0	\$17,429	\$7,000		\$14,000	\$7,000	\$0	\$0	\$7,728	\$14,728	\$57,600	\$60,300	\$2,701	1.39
19	0.4%	1	41	\$17,865	\$2,000	\$19,865	\$7,000		\$7,000	\$7,000	\$0	\$0	\$7,844	\$14,844	\$60,300	\$65,321	\$5,020	1.72
20	0.4%	0	41	\$17,865	\$0	\$17,865	\$7,000		\$0	\$7,000	\$0	\$0	\$7,962	\$14,962	\$65,321	\$68,224	\$2,903	1.41

Total Paid in Debt Service = \$131,000 \$0

Greenwich

PROPOSED BOND REPAYMENT SCHEDULE

50% loan - 50% grant

PRINCIPAL	\$131,000.00	ANTICIPATED CLOSING DATE	01-Dec-07
INTEREST	0.00%	P&I PAYMT DUE	01-Nov-09
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	\$6,550.00	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2008	\$131,000.00		\$0.00 *	\$0.00	\$0.00	\$131,000.00	0
2009	\$131,000.00		\$6,000.00	\$6,000.00	\$0.00	\$125,000.00	1
2010	\$125,000.00		\$6,000.00	\$6,000.00	\$0.00	\$119,000.00	2
2011	\$119,000.00		\$6,000.00	\$6,000.00	\$0.00	\$113,000.00	3
2012	\$113,000.00		\$6,000.00	\$6,000.00	\$0.00	\$107,000.00	4
2013	\$107,000.00		\$6,000.00	\$6,000.00	\$0.00	\$101,000.00	5
2014	\$101,000.00		\$6,000.00	\$6,000.00	\$0.00	\$95,000.00	6
2015	\$95,000.00		\$6,000.00	\$6,000.00	\$0.00	\$89,000.00	7
2016	\$89,000.00		\$6,000.00	\$6,000.00	\$0.00	\$83,000.00	8
2017	\$83,000.00		\$6,000.00	\$6,000.00	\$0.00	\$77,000.00	9
2018	\$77,000.00		\$7,000.00	\$7,000.00	\$0.00	\$70,000.00	10
2019	\$70,000.00		\$7,000.00	\$7,000.00	\$0.00	\$63,000.00	11
2020	\$63,000.00		\$7,000.00	\$7,000.00	\$0.00	\$56,000.00	12
2021	\$56,000.00		\$7,000.00	\$7,000.00	\$0.00	\$49,000.00	13
2022	\$49,000.00		\$7,000.00	\$7,000.00	\$0.00	\$42,000.00	14
2023	\$42,000.00		\$7,000.00	\$7,000.00	\$0.00	\$35,000.00	15
2024	\$35,000.00		\$7,000.00	\$7,000.00	\$0.00	\$28,000.00	16
2025	\$28,000.00		\$7,000.00	\$7,000.00	\$0.00	\$21,000.00	17
2026	\$21,000.00		\$7,000.00	\$7,000.00	\$0.00	\$14,000.00	18
2027	\$14,000.00		\$7,000.00	\$7,000.00	\$0.00	\$7,000.00	19
2028	\$7,000.00		\$7,000.00	\$7,000.00	\$0.00	\$0.00	20
			\$131,000.00	\$131,000.00	\$0.00		

*Interest Only Payment

16009 Greenwich Compliance Report May 29, 2007

Administration:

The Greenwich Water Association lacks the following elements of a Cross Connection Control Program: a) legal authority, b) public education, c) written records and d) on-going enforcement.

Operator Certification:

No issues

Bacteriological Information:

No issues.

Chemical Monitoring:

A nitrate sample is due this year.

Lead/Copper:

No issues.

Consumer Confidence Report:

No issues.

Physical Facilities:

For both the Parker North and Parker South Springs the following is needed: a) a flow measuring device, and b) removal of deep rooted vegetation.

Parker South Spring collection box needs a shoe-box type lid and roots cleaned out of the collection pipes.

The 50, 000 gallon tank access lid needs a gasket and is missing a proper air vent.

Drinking Water Source Protection:

Updated Drinking Water Source Protection Plans for Parker North and Parker South Springs were due December 31, 2005.

Plan Review:

The Engineering Plan Review Tracking database sheet for Greenwich is completely blank, therefore there could be problems if recent construction has occurred.

5. 2) STATE SRF APPLICATIONS -

d) Cedar Hills (Julie)

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN
AUTHORIZATION**

APPLICANT'S REQUEST:

Cedar Hills is requesting financial assistance in the amount of \$2,090,000 to develop a new culinary well. The project will address the system's current inadequate source capacity.

STAFF COMMENTS:

The project includes developing a new culinary well with treatment and transmission lines, to address Cedar Hill's inadequate source capacity. No additional water rights or change applications are needed for this project.

Based on local MAGI, and projected expenses, the City does not qualify for grant funds. Their estimated water bill after construction is \$58.86 (1.12% of local MAGI). They currently have a water bill of approximately \$49.38 and are aware that they will need to increase their rates. The local MAGI is 182% of the State's.

SRF/CONSERVATION COMMITTEE RECOMMENDS:

The Drinking Water Board authorize a \$2,090,000 construction loan to Cedar Hills at 2.71% interest for 20 years, with the condition that they resolve all the issues in their compliance report.

APPLICANT'S LOCATION:

Cedar Hills is located in Utah County.

MAP OF APPLICANT'S LOCATION:



PROJECT DESCRIPTION:

The proposed project includes developing a new culinary well with treatment and transmission lines, to address Cedar Hill's inadequate source capacity. The new well is anticipated to be 600 to 800 feet deep and completed as a 16-20 inch diameter well.

ALTERNATIVES EVALUATED:

The consulting engineer's evaluation focused on existing hydrogeologic information and was intended to identify suitable locations for a new production well, and define the anticipated production rate for these potential sites. The following alternatives were evaluated:

1. **Site A - Residential Lot.** The City owns a small lot in a residential area off Cedar Hills Drive. The depth to water is estimated to be 330 feet. This site is located approximately 1,000 feet from the Harvey Well and an existing Manila Water System Well. The drawback to this site is the close proximity to these existing wells and potential for well interference. The well site is located in the City's medium pressure zone.
2. **Site B - Detention Basin.** The detention basin is located in the southwest corner of Cedar Hills. The depth to water is estimated to be 250 feet. The site is located in the lower pressure zone.
3. **Site C - Former Orchard.** The City identified this property located west of the City and near the southwest corner. This property is not owned by the City and would need to be purchase. The depth to water is estimated to be 290 feet. This well site is located about 2,000 feet form the Harvey Well and significant interference is unlikely, however, there is an existing domestic well to the north. The well site is located in the lower pressure zone.
4. **Site D - Area West of Golf Course.** The area adjacent to and surrounding the golf course was identified. The City's existing Canyon Well provides good quality water for the secondary water system in this area. The depth to water is estimated to be 340 to 370 feet. The area is about 1,000 to 2,000 feet from an existing irrigation well. The site is located in the City's high pressure zone. Based on the hydrogeology, the location within the high pressure zone, and reasonable access to conveyance piping, this area is recommended as the preferred site for a new well. In addition, the city owns the site so there would not be land acquisition required.

POPULATION GROWTH:

The Governor's Office of Planning and Budget estimates a growth rate of 1.51% over the next 45 years for Cedar Hills. However, they have a build out capacity of 2,360 connections and 10,478 people, which they anticipate reaching by 2012.

	<u>Year</u>	<u>Population</u>	<u>ERC's</u>
Current:	2007	9,737	2,066
Projected:	2030	10,478	2,360

IMPLEMENTATION SCHEDULE:

Apply to DWB for Construction Funds:	May 2007
SRF Committee Conference Call:	June 2007
DWB Funding Authorization:	July 2007
Loan Closing	July 2007
Begin Construction:	August 2007
Complete Construction:	December 2007

COST ESTIMATE:

Legal	\$18,000
Financial Consultant	\$15,000
Engineering-planning	\$50,000
Engineering-design	\$150,000
Engineering-CMS	\$150,000
Construction	\$1,632,000
Contingency	\$163,218
Loan Administrative Fee	\$21,782
Total Project Cost	\$2,200,000

COST ALLOCATION:

The cost allocation proposed for the project is shown below.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
Local Contribution	\$110,000	5%
DWB Loan (2.71%, 20-yr)	<u>\$2,090,000</u>	<u>95%</u>
Total Amount	\$2,200,000	100%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation and Maintenance: \$493,988
Existing DW Debt Service: \$616,900
DDW Debt Service (2.71%, 20-yrs): \$136,741
DDW Debt Reserve: \$13,674
Total Annual Cost: \$1,261,303
Annual Cost/ERC: \$614.64
Monthly Cost/ERC: \$51.22
Cost as % MAGI: .97%

SPECIAL CONDITIONS:

1. Complete all items as stated in the Engineering Agreement between Cedar Hills and Bowen, Collins & Associates.
2. The Parameters Resolution will need to be modified to reflect the increase in monthly user fees.

APPLICANT:

Cedar Hills
3925 West Cedar Hills Drive
Cedar Hills, Utah 84062
Telephone: (801) 785-9668
Fax: (801) 786-3543

PRESIDING OFFICIAL &
CONTACT PERSON:

Rich Knapp, Finance Director
3925 West Cedar Hills Drive
Cedar Hills, Utah 84062
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Fax: (801) 786-3543
Email: rknapp@cedarhills.org

CONSULTING ENGINEER:

Chris Mikel, P.E.
Bowen, Collins & Associates
756 East 12200 South
Draper, Utah 84020
Telephone: (801) 495-2224
Fax: (801) 495-2224
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FINANCIAL CONSULTANT:

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Telephone: (801) 413-1600
Fax: (801) 413-1620
Email: eric@smithlawonline.com

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Cedar Hills

FUNDING SOURCE: State SRF

COUNTY: Utah

PROJECT DESCRIPTION: new well

ESTIMATED POPULATION:	9,391	NO. OF CONNECTIONS:	2052	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$49.38 *			PROJECT TOTAL:	\$2,200,000
CURRENT % OF AGI:	0.94%	FINANCIAL PTS:	47	LOAN AMOUNT:	\$2,090,000
ESTIMATED MEDIAN AGI:	\$63,167			GRANT AMOUNT:	\$0
STATE AGI:	\$34,801			TOTAL REQUEST:	\$2,090,000
SYSTEM % OF STATE AGI:	182%				

	@ ZERO % MKT RATE 0%	@ RBBI RATE 4.55%		AFTER REPAYMENT PENALTY & POINTS 2.71%
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.55%		2.71%
REQUIRED DEBT SERVICE:	\$104,500.00	\$161,368.01		\$136,741.36
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$10,450.00	\$16,136.80		\$13,674.14
ANNUAL DEBT PER CONNECTION:	\$56.02	\$86.50		\$73.30
O & M + Depreciation:	\$493,988.00	\$493,988.00		\$493,988.00
OTHER DEBT + COVERAGE:	\$771,125.00	\$771,125.00		\$771,125.00
REPLACEMENT RESERVE ACCOUNT:	\$60,769.40	\$63,612.80		\$62,381.47
NEEDED SYSTEM INCOME:	\$1,297,462.40	\$1,300,305.80		\$1,299,074.47
ANNUAL O&M PER CONNECTION:	\$632.29	\$633.68		\$633.08
AVG MONTHLY WATER BILL:	\$57.36	\$60.02		\$58.86
% OF ADJUSTED GROSS INCOME:	1.09%	1.14%		1.12%

Cedar Hills

DWB Loan Terms

Local Share (total):	\$	110,000
Other Agency Funding:	\$	-
DWB Grant Amount:	\$	-
DWB Loan Amount:	\$	2,090,000
DWB Loan Term:		20
DWB Loan Interest:		2.71%
DWB Loan Payment:	\$	136,741

DW Expenses (Estimated)

Proposed Facility Capital Cost:	\$	2,200,000
Existing Facility O&M Expense:	\$	493,988
Proposed Facility O&M Expense:	\$	493,988
O&M Inflation Factor:		1.3%
Existing Debt Service:	\$	616,900

DW Revenue Sources (Projected)

Beginning Cash:	\$	895,450
Existing Customers (ERC):		2,052
Projected Growth Rate:		0.5%
Impact Fee/Connection Fee:	\$	2,842
Current Monthly User Charge:	\$	49.38
Needed Average Monthly User Charge:	\$	58.86

DW Revenue Projections

Yr	Growth Rate (%)	Annual Growth (ERC)	Total Users (ERC)	User Charge Revenue	Impact Fee Revenue	Total Revenue	DWB Loan Repayment	DWB Loan Reserves	Remaining Principal	Principal Payment	Interest Payment	Existing DW Debt Service	O&M Expenses	Total Expenses	Beginning Cash	Ending Cash Flow	Net Revenue	Debt Service Ratio
0	0.5%	10	2,062	1,221,752	28,420	1,250,172	23,600	-	2,090,000	-	23,600	616,900	493,988	1,134,488	895,450	1,011,134	115,684	-
1	0.5%	10	2,072	1,463,618	28,420	1,492,038	136,639	13,664	1,928,000	80,000	56,639	616,900	493,988	1,261,191	1,011,134	1,241,981	230,847	1.32
2	0.5%	10	2,082	1,470,681	28,420	1,499,101	136,471	13,664	1,843,000	82,000	54,471	616,900	500,410	1,267,445	1,241,981	1,473,638	231,657	1.33
3	0.5%	10	2,092	1,477,745	28,420	1,506,165	137,249	13,664	1,756,000	85,000	52,249	616,900	506,915	1,274,728	1,473,638	1,705,075	231,437	1.33
4	0.5%	10	2,102	1,484,809	28,420	1,513,229	136,945	13,664	1,667,000	87,000	49,945	616,900	513,505	1,281,014	1,705,075	1,937,290	232,215	1.33
5	0.5%	11	2,113	1,492,579	31,262	1,523,841	136,588	13,664	1,575,000	89,000	47,588	616,900	520,181	1,287,332	1,937,290	2,173,799	236,509	1.33
6	0.5%	11	2,124	1,500,349	31,262	1,531,611	137,176	13,664	1,481,000	92,000	45,176	616,900	526,943	1,294,683	2,173,799	2,410,727	236,929	1.33
7	0.5%	11	2,135	1,508,119	31,262	1,539,381	136,683	13,664	1,384,000	94,000	42,683	616,900	533,793	1,301,040	2,410,727	2,649,069	238,342	1.33
8	0.5%	11	2,146	1,515,890	31,262	1,547,152	137,135	13,664	1,285,000	97,000	40,135	616,900	540,733	1,308,432	2,649,069	2,887,789	238,720	1.33
9	0.5%	11	2,157	1,523,660	31,262	1,554,922	136,506	13,664	1,183,000	99,000	37,506	616,900	547,762	1,314,832	2,887,789	3,127,879	240,089	1.34
10	0.5%	11	2,168	1,531,430	31,262	1,562,692	136,824	13,664	1,078,000	102,000	34,824	616,900	554,883	1,322,270	3,127,879	3,368,300	240,422	1.34
11	0.5%	11	2,179	1,539,200	31,262	1,570,462	137,059		971,000	105,000	32,059	616,900	562,096	1,316,056	3,368,300	3,622,706	254,406	1.34
12	0.5%	11	2,190	1,546,970	31,262	1,578,232	136,214		861,000	107,000	29,214	616,900	569,404	1,322,518	3,622,706	3,878,421	255,715	1.34
13	0.5%	11	2,201	1,554,740	31,262	1,586,002	136,314		748,000	110,000	26,314	616,900	576,806	1,330,020	3,878,421	4,134,404	255,982	1.34
14	0.5%	11	2,212	1,562,511	31,262	1,593,773	136,333		632,000	113,000	23,333	616,900	584,304	1,337,538	4,134,404	4,390,639	256,235	1.34
15	0.5%	11	2,223	1,570,281	31,262	1,601,543	136,271		512,000	116,000	20,271	616,900	591,900	1,345,071	4,390,639	4,647,110	256,472	1.34
16	0.5%	11	2,234	1,578,051	31,262	1,609,313	137,127		389,000	120,000	17,127	616,900	599,595	1,353,622	4,647,110	4,902,801	255,691	1.34
17	0.5%	11	2,245	1,585,821	31,262	1,617,083	136,875		263,000	123,000	13,875	616,900	607,390	1,361,165	4,902,801	5,158,719	255,918	1.34
18	0.5%	11	2,256	1,593,591	31,262	1,624,853	136,542		133,000	126,000	10,542	616,900	615,286	1,368,728	5,158,719	5,414,844	256,125	1.34
19	0.5%	11	2,267	1,601,361	31,262	1,632,623	137,127		-	130,000	7,127	616,900	623,285	1,377,312	5,414,844	5,670,156	255,312	1.34
20	0.5%	11	2,278	1,609,132	31,262	1,640,394	136,604		-	133,000	3,604	616,900	631,387	1,384,892	5,670,156	5,925,658	255,502	1.34

Total Paid in Debt Service = 2,090,000 668,281

Cedar Hills

PROPOSED BOND REPAYMENT SCHEDULE

Equivalent to 0

PRINCIPAL	\$2,090,000.00	ANTICIPATED CLOSING DATE	01-Aug-07
INTEREST	2.71%	P&I PAYMT DUE	01-Jan-09
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	\$136,741.36	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2008	\$2,090,000.00		\$23,599.58 *	\$0.00	\$23,599.58	\$2,090,000.00	0
2009	\$2,090,000.00		\$136,639.00	\$80,000.00	\$56,639.00	\$2,010,000.00	1
2010	\$2,010,000.00		\$136,471.00	\$82,000.00	\$54,471.00	\$1,928,000.00	2
2011	\$1,928,000.00		\$137,248.80	\$85,000.00	\$52,248.80	\$1,843,000.00	3
2012	\$1,843,000.00		\$136,945.30	\$87,000.00	\$49,945.30	\$1,756,000.00	4
2013	\$1,756,000.00		\$136,587.60	\$89,000.00	\$47,587.60	\$1,667,000.00	5
2014	\$1,667,000.00		\$137,175.70	\$92,000.00	\$45,175.70	\$1,575,000.00	6
2015	\$1,575,000.00		\$136,682.50	\$94,000.00	\$42,682.50	\$1,481,000.00	7
2016	\$1,481,000.00		\$137,135.10	\$97,000.00	\$40,135.10	\$1,384,000.00	8
2017	\$1,384,000.00		\$136,506.40	\$99,000.00	\$37,506.40	\$1,285,000.00	9
2018	\$1,285,000.00		\$136,823.50	\$102,000.00	\$34,823.50	\$1,183,000.00	10
2019	\$1,183,000.00		\$137,059.30	\$105,000.00	\$32,059.30	\$1,078,000.00	11
2020	\$1,078,000.00		\$136,213.80	\$107,000.00	\$29,213.80	\$971,000.00	12
2021	\$971,000.00		\$136,314.10	\$110,000.00	\$26,314.10	\$861,000.00	13
2022	\$861,000.00		\$136,333.10	\$113,000.00	\$23,333.10	\$748,000.00	14
2023	\$748,000.00		\$136,270.80	\$116,000.00	\$20,270.80	\$632,000.00	15
2024	\$632,000.00		\$137,127.20	\$120,000.00	\$17,127.20	\$512,000.00	16
2025	\$512,000.00		\$136,875.20	\$123,000.00	\$13,875.20	\$389,000.00	17
2026	\$389,000.00		\$136,541.90	\$126,000.00	\$10,541.90	\$263,000.00	18
2027	\$263,000.00		\$137,127.30	\$130,000.00	\$7,127.30	\$133,000.00	19
2028	\$133,000.00		\$136,604.30	\$133,000.00	\$3,604.30	\$0.00	20
			\$2,758,281.48	\$2,090,000.00	\$668,281.48		

*Interest Only Payment

**25137 Cedar Hills
Compliance Report
June 7, 2007**

Administration:

System lacks an on-going enforcement for cross connection control.

System does have a current emergency response plan.

Operator Certification:

System operator certified at a higher level than required.

Bacteriological Information:

No issues

Chemical Monitoring:

No issues

Lead/Copper:

No issues

Consumer Confidence Report:

No issues

Physical Facilities:

No issues

Drinking Water Source Protection:

No issues

Plan Review:

5) 2) STATE SRF APPLICATIONS -

e) Midvale (Julie)

**DRINKING WATER BOARD
BOARD PACKET FOR CONSTRUCTION LOAN
AUTHORIZATION**

APPLICANT'S REQUEST:

Midvale City is requesting financial assistance to construct a 4.0 Million Gallon water storage tank, rehabilitate two existing wells, and for a variety of pipeline improvement projects. The cost of the entire project is \$9,850,000.

STAFF COMMENTS:

Midvale City recently completed a culinary water system master plan. The master plan has identified and prioritized projects that must be completed by the City in order to correct existing deficiencies in the system as well as to provide facilities to meet anticipated growth within the City. The project includes a 4.0 Million Gallon water storage tank, well rehabilitation and pipeline improvement projects.

Based on local MAGI, and projected expenses, the City does qualify for principle forgiveness. However, based on the assumption that the City takes on a full percentage loan for the entire amount, their debt service ratio would be well above 1.25; therefore, we do not feel that the City is in need of principle forgiveness.

We are recommending that the City increase their water bill from \$27.71 to \$39.93 per connection (1.75% of MAGI) and increase their connection fees from \$1,150 to \$2,500 per connection. However, the City has conducted a rate study and is proposing an alternate rate and connection fee increase. Upon receiving the City's rate study and subsequent proposal, staff will conduct a review and make a final determination.

The calculated interest rate is 2.58%. **Staff proposes an interest buy down of .58%**, bringing the interest rate equal to 2.00%, in order to bring their cost per connection equal to 1.75% of MAGI. The proposed interest buy down has an equivalent principle forgiveness of approximately \$360,000.

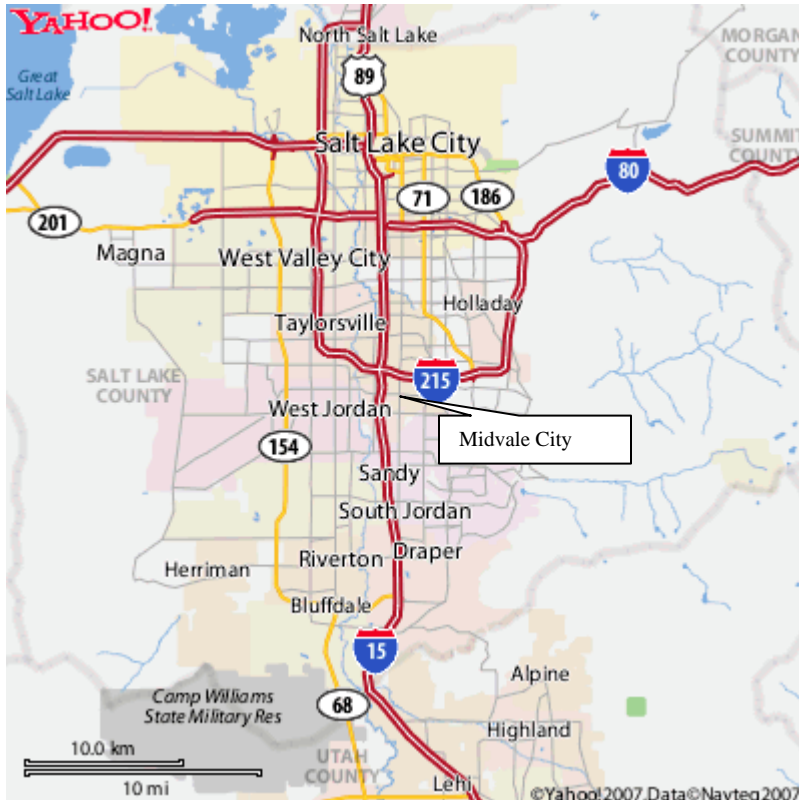
SRF/CONSERVATION COMMITTEE RECOMMENDS:

The Drinking Water Board authorize a \$5,000,000 construction loan to Midvale City at 2.00% interest for 20 years, with the condition that they resolve all the issues in their compliance report.

APPLICANT'S LOCATION:

Midvale City is located in Salt Lake County.

MAP OF APPLICANT'S LOCATION:



POSITION ON PROJECT PRIORITY LIST:

Midvale has 19.6 points on the project priority list.

PROJECT DESCRIPTION:

The proposed projects include a combination of water source projects, water storage tank projects, and pipeline conveyance system projects. A brief description of each project and the purpose or need for the project is presented below:

- **Hancock Well and Well House:** The existing Hancock Well is one of the City's key water source and was drilled in 1948 using cable tool methods. The well casing is deteriorating and thus the proposal is to drill a replacement well within 150 feet of the existing well. The new well will include fluoridation facilities.

- **Million Gallon Well House:** The well is currently serviced by an older, small well house, with the well and pumping equipment located outside of the well house. The proposal is to construct a new well house that will enclose the well and pumping facilities inside of the well house. The fluoridation facility that will be constructed as part of the Hancock Well House will be sized and equipped to meet the fluoride requirements from the Million Gallon Well.
- **4 Million Gallon Reservoir:** The City currently has three buried concrete reservoirs at their existing tank site that total 1.6 million gallons. The age of these tanks is beyond their design life. The master plan recommends that 4.0 million gallons of reservoir storage be constructed.
- **Water Transmission Pipelines:** To correct existing deficiencies and to meet anticipated growth within the City, the master plan has identified a variety of pipeline improvement projects that must be completed in order to improve and provide sufficient main line transmission capacity along primarily the east-west pipeline corridors.

ALTERNATIVES EVALUATED:

The consulting engineer evaluated the following system alternatives:

1. **Alternative #1:** Optimizing current facilities (no action).
2. **Alternative #2:** This alternative includes upgrading the existing culinary distribution system, from the storage reservoirs at the upper end of the system down to the future demand of the proposed development. This alternative continues to promote system independence with the City's own sources and with the system head developed by the elevation of the storage reservoirs. However, this alternative requires that the required 6.3MG of water storage be stored at the existing tank site, which may or may not be feasible. Also under this alternative, the distribution system would be entirely dependent upon one transmission line with no equivalent, alternative water supply in the case of a failure, maintenance or system comprise.
3. **Alternative #3:** This alternative consists of building a 4MG water storage tank at the existing tank site, building a 2.3 MG water storage tank at an alternative site, and upgrading the existing culinary distribution system, from the storage reservoirs at the upper end of the system down to the future demand of the proposed development. This alternative continues to promote system independence with the City's own sources, and provides for multiple sources of water in the case of an emergency.
4. **Alternative #4:** This was the selected alternative which involves a combination of projects identified in the Master Plan including water source projects, reservoir

storage projects, and culinary distribution system projects. The water storage tank volume is 4.0 MG which is less than the 6.3 MG storage that was identified as the required volume to serve the build-out capacity of the system. However, the city will address the remaining storage needed at a later time. The specific projects identified are as follows:

- Hancock well and well house rehabilitation
- Million gallon well house rehabilitation
- 4.0 MG water storage tank at the existing tank site
- Water transmission pipelines

POPULATION GROWTH:

The Governor's Office of Planning and Budget estimates a growth rate of 1.65% over the next 45 years for Midvale City. However, their water system only serves approximately half of the City, with the remainder being served by Sandy City. Below is the engineer's estimate of population projections:

	<u>Year</u>	<u>Population</u>	<u>ERC's</u>
Current:	2007	12,800	3,225
Projected:	2010	18,650	5,101

IMPLEMENTATION SCHEDULE:

Apply to DWB for Construction Funds:	May 2007
SRF Committee Conference Call:	June 2007
DWB Funding Authorization:	July 2007
Loan Closing	Spring 2008
Begin Construction:	Spring 2008
Complete Construction:	Spring 2012

COST ESTIMATE:

Capital Facilities, Land, etc.	\$800,000
Financial Consultant	\$238,175
Engineering	\$952,815
Construction	\$7,099,100
Loan Administration Fee	\$50,000
Contingency	\$709,910
Total Project Cost	\$9,850,000

COST ALLOCATION:

The cost allocation proposed for the project is shown below.

<u>Funding Source</u>	<u>Cost Sharing</u>	<u>Percent of Project</u>
DWB Loan (2.0%, 20-yr)	\$5,000,000	51%
Public Market (4.75%, 20 -yr)	<u>\$4,850,000</u>	<u>49%</u>
Total Amount	\$9,850,000	100%

ESTIMATED ANNUAL COST OF WATER SERVICE:

Operation and Maintenance: \$814,500
Existing DW Debt Service: \$428,513
DDW Debt Service (2.0%, 20-yrs): \$305,784
DDW Debt Reserve: \$30,578
Total Annual Cost: \$1,719,275
Annual Cost/ERC: \$499.44
Monthly Cost/ERC: \$41.62
Cost as % MAGI: 1.82%

SPECIAL CONDITIONS:

1. Complete all items as stated in the Engineering Agreement between Midvale City and Hansen, Allen & Luce, Inc.
2. The Parameters Resolution will need to reflect the increase in connection fees of \$1,350, to a total of \$2,500 per connection.

APPLICANT:

Midvale City
655 West Center Street
Midvale, Utah 84047
Telephone: (801) 567-7235

PRESIDING OFFICIAL &
CONTACT PERSON:

Keith Ludwig, Public Works Director
655 West Center Street
Midvale, Utah 84047
Telephone: (801) 567-7235
Email: ludwigk@midvale.com

CONSULTING ENGINEER:

Marv Allen, P.E.
Hansen, Allen & Luce
6771 South 900 East
Midvale, Utah 84047
Telephone: (801) 566-5599
Email: mallen@hansenallenluce.com

FINANCIAL CONSULTANT:

Laura D. Lewis & Marc R. Edminster
Lewis Young Robertson & Burningham, Inc.
41 North Rio Grande Street, Suite 101
Salt Lake City, Utah 84101
Telephone: (801) 596-0700
Email: laura@lewisyoung.com

ATTORNEY:

None appointed

DRINKING WATER BOARD FINANCIAL ASSISTANCE EVALUATION

SYSTEM NAME: Midvale

FUNDING SOURCE: Federal SRF

COUNTY: Salt Lake

PROJECT DESCRIPTION: storage tank, well rehabilitation, waterlines

ESTIMATED POPULATION:	12,800	NO. OF CONNECTIONS:	3442	SYSTEM RATING:	APPROVED
CURRENT AVG WATER BILL:	\$27.71 *			PROJECT TOTAL:	\$9,850,000
CURRENT % OF AGI:	1.21%	FINANCIAL PTS:	50	LOAN AMOUNT:	\$5,000,000
ESTIMATED MEDIAN AGI:	\$27,383			PRINC. FORGIVENESS:	\$0
STATE AGI:	\$34,801			TOTAL REQUEST:	\$5,000,000
SYSTEM % OF STATE AGI:	79%				

	@ ZERO % MKT RATE 0%	@ RBBI RATE 4.55%		AFTER REPAYMENT PENALTY & POINTS 2.58%
ASSUMED LENGTH OF DEBT, YRS:	20	20		20
ASSUMED NET EFFECTIVE INT. RATE:	0.00%	4.55%		2.58%
REQUIRED DEBT SERVICE:	\$250,000.00	\$386,047.87		\$323,164.41
*PARTIAL COVERAGE (15%):	\$0.00	\$0.00		\$0.00
*ADD. COVERAGE AND RESERVE (10%):	\$25,000.00	\$38,604.79		\$32,316.44
ANNUAL DEBT PER CONNECTION:	\$79.90	\$123.37		\$103.28
O & M + Depreciation:	\$954,400.00	\$954,400.00		\$954,400.00
OTHER DEBT + COVERAGE:	\$535,641.30	\$535,641.30		\$535,641.30
REPLACEMENT RESERVE ACCOUNT:	\$81,645.65	\$88,448.05		\$85,303.87
NEEDED SYSTEM INCOME:	\$1,501,686.96	\$1,508,489.35		\$1,505,345.18
ANNUAL O&M PER CONNECTION:	\$436.28	\$438.26		\$437.35
AVG MONTHLY WATER BILL:	\$43.01	\$46.80		\$45.05
% OF ADJUSTED GROSS INCOME:	1.89%	2.05%		1.97%

Midvale

DWB Loan Terms		
Local Share (total):	\$	-
Other Agency Funding:	\$	4,850,000
DWB Grant Amount:	\$	-
DWB Loan Amount:	\$	5,000,000
DWB Loan Term:		20
DWB Loan Interest:		2.00%
DWB Loan Payment:	\$	305,784

DW Expenses (Estimated)	
Proposed Facility Capital Cost:	\$ 9,850,000
Existing Facility O&M Expense:	\$ 814,500
Proposed Facility O&M Expense:	\$ 814,500
O&M Inflation Factor:	1.0%
Existing Debt Service:	\$ 428,513

DW Revenue Sources (Projected)		
Beginning Cash:	\$	-
Existing Customers (ERC):		3,442
Projected Growth Rate:		0.8%
Impact Fee/Connection Fee:	\$	2,500
Current Monthly User Charge:	\$	27.71
Needed Average Monthly User Charge:	\$	39.93

DW Revenue Projections																			
	Growth Rate	Annual Growth	Total Users	User Charge	Impact Fee	Total Revenue	DWB Loan Repayment	DWB Loan Reserves	Remaining Principal	Principal Payment	Interest Payment	Existing DW Debt Service	O&M Expenses	Total Expenses	Beginning Cash	Ending Cash Flow	Net Revenue	Debt Service Ratio	
Yr	(%)	(ERC)	(ERC)	Revenue	Revenue	Revenue			Principal										
0	0.8%	28	3,470	1,153,911	70,000	1,223,911	41,667	-	5,000,000	-	41,667	428,513	814,500	1,284,680	-	60,769	60,769	-	
1	0.8%	28	3,498	1,676,102	70,000	1,746,102	306,000	30,600	4,794,000	206,000	100,000	428,513	814,500	1,579,613	-	105,720	166,489	1.27	
2	0.8%	28	3,526	1,689,518	70,000	1,759,518	305,880	30,600	4,584,000	210,000	95,880	428,513	822,645	1,587,638	105,720	277,600	171,880	1.28	
3	0.8%	28	3,554	1,702,935	70,000	1,772,935	305,680	30,600	4,370,000	214,000	91,680	428,513	830,871	1,595,664	277,600	454,870	177,270	1.28	
4	0.8%	28	3,582	1,716,351	70,000	1,786,351	305,400	30,600	4,152,000	218,000	87,400	428,513	839,180	1,603,693	454,870	637,528	182,658	1.29	
5	0.8%	29	3,611	1,730,247	72,500	1,802,747	306,040	30,600	3,929,000	223,000	83,040	428,513	847,572	1,612,725	637,528	827,550	190,022	1.30	
6	0.8%	29	3,640	1,744,142	72,500	1,816,642	305,580	30,600	3,702,000	227,000	78,580	428,513	856,048	1,620,741	827,550	1,023,452	195,902	1.31	
7	0.8%	29	3,669	1,758,038	72,500	1,830,538	306,040	30,600	3,470,000	232,000	74,040	428,513	864,608	1,629,761	1,023,452	1,224,228	200,777	1.31	
8	0.8%	29	3,698	1,771,934	72,500	1,844,434	305,400	30,600	3,234,000	236,000	69,400	428,513	873,254	1,637,767	1,224,228	1,430,895	206,666	1.32	
9	0.8%	30	3,728	1,786,308	75,000	1,861,308	305,680	30,600	2,993,000	241,000	64,680	428,513	881,987	1,646,780	1,430,895	1,645,424	214,529	1.33	
10	0.8%	30	3,758	1,800,683	75,000	1,875,683	305,860	30,600	2,747,000	246,000	59,860	428,513	890,807	1,655,780	1,645,424	1,865,327	219,904	1.34	
11	0.8%	30	3,788	1,815,058	75,000	1,890,058	305,940		2,496,000	251,000	54,940	428,513	899,715	1,634,168	1,865,327	2,121,217	255,890	1.35	
12	0.8%	30	3,818	1,829,433	75,000	1,904,433	305,920		2,240,000	256,000	49,920	428,513	908,712	1,643,145	2,121,217	2,382,505	261,288	1.36	
13	0.8%	31	3,849	1,844,287	77,500	1,921,787	305,800		1,979,000	261,000	44,800	428,513	917,799	1,652,112	2,382,505	2,652,180	269,675	1.37	
14	0.8%	31	3,880	1,859,141	77,500	1,936,641	305,580		1,713,000	266,000	39,580	428,513	926,677	1,661,070	2,652,180	2,927,751	275,571	1.38	
15	0.8%	31	3,911	1,873,995	77,500	1,951,495	306,260		1,441,000	272,000	34,260	428,513	936,247	1,671,020	2,927,751	3,208,226	280,475	1.38	
16	0.8%	31	3,942	1,888,849	77,500	1,966,349	305,820		1,164,000	277,000	28,820	428,513	945,609	1,679,942	3,208,226	3,494,632	286,406	1.39	
17	0.8%	32	3,974	1,904,182	80,000	1,984,182	305,280		882,000	282,000	23,280	428,513	955,065	1,688,858	3,494,632	3,789,956	295,323	1.40	
18	0.8%	32	4,006	1,919,515	80,000	1,999,515	305,640		594,000	288,000	17,640	428,513	964,616	1,698,769	3,789,956	4,090,702	300,746	1.41	
19	0.8%	32	4,038	1,934,848	80,000	2,014,848	305,880		300,000	294,000	11,880	428,513	974,262	1,708,655	4,090,702	4,396,895	306,193	1.42	
20	0.8%	32	4,070	1,950,181	80,000	2,030,181	306,000		-	300,000	6,000	428,513	984,005	1,718,518	4,396,895	4,708,558	311,663	1.42	
Total Paid in Debt Service =										5,000,000	1,157,347								

Midvale

PROPOSED BOND REPAYMENT SCHEDULE

PRINCIPAL	\$5,000,000.00	ANTICIPATED CLOSING DATE	01-Dec-07
INTEREST	2.00%	P&I PAYMT DUE	01-Jan-09
TERM	20	REVENUE BOND	
NOMIN. PAYMENT	\$305,783.59	PRINC PREPAID:	\$0.00

YEAR	BEGINNING BALANCE	DATE OF PAYMENT	PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	PAYM NO.
2008	\$5,000,000.00		\$8,333.33 *	\$0.00	\$8,333.33	\$5,000,000.00	0
2009	\$5,000,000.00		\$306,000.00	\$206,000.00	\$100,000.00	\$4,794,000.00	1
2010	\$4,794,000.00		\$305,880.00	\$210,000.00	\$95,880.00	\$4,584,000.00	2
2011	\$4,584,000.00		\$305,680.00	\$214,000.00	\$91,680.00	\$4,370,000.00	3
2012	\$4,370,000.00		\$305,400.00	\$218,000.00	\$87,400.00	\$4,152,000.00	4
2013	\$4,152,000.00		\$306,040.00	\$223,000.00	\$83,040.00	\$3,929,000.00	5
2014	\$3,929,000.00		\$305,580.00	\$227,000.00	\$78,580.00	\$3,702,000.00	6
2015	\$3,702,000.00		\$306,040.00	\$232,000.00	\$74,040.00	\$3,470,000.00	7
2016	\$3,470,000.00		\$305,400.00	\$236,000.00	\$69,400.00	\$3,234,000.00	8
2017	\$3,234,000.00		\$305,680.00	\$241,000.00	\$64,680.00	\$2,993,000.00	9
2018	\$2,993,000.00		\$305,860.00	\$246,000.00	\$59,860.00	\$2,747,000.00	10
2019	\$2,747,000.00		\$305,940.00	\$251,000.00	\$54,940.00	\$2,496,000.00	11
2020	\$2,496,000.00		\$305,920.00	\$256,000.00	\$49,920.00	\$2,240,000.00	12
2021	\$2,240,000.00		\$305,800.00	\$261,000.00	\$44,800.00	\$1,979,000.00	13
2022	\$1,979,000.00		\$305,580.00	\$266,000.00	\$39,580.00	\$1,713,000.00	14
2023	\$1,713,000.00		\$306,260.00	\$272,000.00	\$34,260.00	\$1,441,000.00	15
2024	\$1,441,000.00		\$305,820.00	\$277,000.00	\$28,820.00	\$1,164,000.00	16
2025	\$1,164,000.00		\$305,280.00	\$282,000.00	\$23,280.00	\$882,000.00	17
2026	\$882,000.00		\$305,640.00	\$288,000.00	\$17,640.00	\$594,000.00	18
2027	\$594,000.00		\$305,880.00	\$294,000.00	\$11,880.00	\$300,000.00	19
2028	\$300,000.00		\$306,000.00	\$300,000.00	\$6,000.00	\$0.00	20
			\$6,124,013.33	\$5,000,000.00	\$1,124,013.33		

*Interest Only Payment

18017 Midvale City Water System
Compliance Report
June 7, 2007

Administration:

Operator Certification:

No Issues

Bacteriological Information:

No Issues

Chemical Monitoring:

No Issues

Lead/Copper:

No Issues

Consumer Confidence Reports:

No delivery certification letter received for the 2002, 2003 and 2004 CCRs.

Physical Facilities:

Sources:

1. No check valve on the discharge piping for the Oak Street Well and Hancock Well #6
2. No pressure gage on the discharge piping for the Oak Street Well.
3. No guards on the electrical rotating equipment at the Million Gallon, Oak Street and Park Street (Cold) wells.
4. Well house lacks a floor drain.

Treatment:

1. Tanks and refill lines lack proper labeling in the Oak Street and Million Gallon treatment facilities.
2. Chemicals do not comply with ANSI/NSF standard at the Oak Street and Million Gallon treatment facilities.
3. No finished water sample tap at the Oak Street and Million Gallon treatment facilities.

Storage:

1. Storage facility vent not properly screened on Storage Facility #1, Storage Facility #2 and Storage Facility #3.
2. Storage Facility #2 shows evidence of water intrusion.

Drinking Water Source Protection:

No issues

AGENDA ITEM 7

DIRECTORS REPORT

a) Conflict of Interest Forms

CONFLICT OF INTEREST FORMS

The Conflict of Interest forms in the packet are for your information. Linda will also have the form at the Board meeting for you to fill out, or you can use the one in the packet.

You can give Linda the completed form at the Board meeting or you can mail it in to her. Linda needs to turn the forms in to Personnel by the end of July.

If you have any question, please give Linda a call at (801) 536-4208.

Thanks.

Utah Attorney General's Office
Memorandum

To: Rick Sprott
Walt Baker
Dennis Downs/Brad Johnson
Kenneth Bousfield
Dane Finerfrock

From: Fred Nelson

Re: Ethics Memo


Date: July 1, 2007

With the change of administration and a number of new board members, Rick asked me to update the ethics memo and disclosure form (see attached) and send it to you for inclusion on a future Board agenda. If you could please coordinate with me on when it will be on the agenda so I can be there to answer any questions by Board members. Thank you.

cc: Rick Sprott

OFFICE OF THE ATTORNEY GENERAL
MEMORANDUM

TO: Utah Air Quality Board
Utah Water Quality Board
Utah Drinking Water Board
Utah Solid and Hazardous Waste Control Board
Utah Radiation Control Board

FROM: Fred Nelson 
Assistant Attorney General

DATE: April 6, 2005

RE: **Ethics Act and Conflicts of Interest**

This memo is to provide information on ethics requirements and potential or actual conflicts of interest of members of the Board.

As you are aware, pursuant to Utah Code Annotated (UCA), Title 19, the Boards are comprised of members who by statute are representatives of various interests and groups. These statutorily-established criteria for membership on the Boards make conflicts of interest inevitable.

Applicable Law

By amendments in 1989 to the Utah Public Officers' and Employees' Ethics Act (Ethics Act) (copy attached), Board members are now covered by its various provisions. The definition of "public officer" means "all elected or appointed officers of the state . . . who occupy policy-making posts." Board members are appointed and determine state policy under their respective statutory powers. Prior to 1989, Board members were considered specifically by statute as "special employees" who were excluded from the requirements of the Ethics Act. The 1989 amendments deleted the exclusion.

In addition to the generally applicable Ethics Act, for members of the Air Quality Board, there is a specific statutory provision (UCA § 19-2-103) which requires that "[a]ny potential conflict of interest of any member or the executive secretary, relevant to the interests of the Board, shall be adequately disclosed."

In 1998 the Legislature amended the Ethics Act by clarifying that the offenses covered by this Act do not encompass actions taken under circumstances amounting to a violation of UCA § 63-56-72 or § 76-8-105. UCA § 63-56-72 makes it a felony for any person who in any official capacity participates in the procurement of any supplies, services, construction, real

property, or insurance for the state of Utah or any subdivision thereof if that person asks, receives, or offers to receive, from any person interested in the sale of these items or services, any emolument, gratuity, contribution, loan, reward, or any promise thereof, either for himself or for another person or organization.

In the 2000 General Session, the Legislature added provisions making it an offense to donate or to demand donations of property, money or services on a condition of granting a permit, approval, or other authorization. UCA §§ 67-16-5.3 and 5.6.

Under UCA § 76-8-105, a public servant is guilty of receiving or soliciting a bribe if that person asks for, solicits, accepts, or receives, directly or indirectly, any benefit with the understanding that the purpose is to influence an action, decision, opinion, recommendation, judgment, vote, nomination, or exercise of discretion. It is not a defense that the public servant was not qualified to act in the desired way, did not act in the desired way, or the benefit is not asked for, conferred, solicited, or accepted until after the public servant has performed the desired action or ceases to be a public servant.

Requirements of the Ethics Act

A. Disclosure

Under § 67-16-7 of the Ethics Act, every public officer who is an officer, director, agent, employee, or the owner of a substantial interest in any business entity which is subject to the regulation of the agency is required to disclose:

1. the position held; and
2. the precise nature and value of interest. (Does not apply where total value does not exceed \$2,000. Life insurance policies and annuities are not considered in determining value.)

If the position changes or value is significantly increased, it must be reported.

Under § 67-16-6, a public officer may not receive or agree to receive compensation for assisting any person or business in any transaction involving any agency unless the public officer discloses the name and address of the public officer and the agencies involved, and provides a brief description of the transaction.

Under § 67-16-8, a public officer may not participate or receive compensation in respect to any transaction between the state and any business entity to which the public officer is also an

officer, director or employee or owns a substantial interest, unless disclosure is made as indicated below.

B. Method of Disclosure

A sworn, written statement by the public officer giving the information listed above is to be filed with the head of the agencies involved and the Utah Attorney General's Office (see attached form/outline).

C. Prohibitions

Restrictions outlined in the Ethics Act include:

No public officer shall:

1. accept employment or engage in any business or professional activity that he may reasonably expect would require or induce him to improperly disclose controlled information;
2. improperly disclose or use controlled, private or protected information acquired by reason of his position or in the course of official duties to further substantially his personal economic interest or obtain special privileges or exemptions for himself or others;
3. use or attempt to use his position to further substantially his personal economic interest or to secure special privileges or exemptions for himself or others;
4. accept employment that would impair his independence of judgment or interfere with the ethical performance of his public duties;
5. receive, take, seek, or solicit, directly or indirectly, for himself or another a gift of substantial value or a substantial economic benefit tantamount to a gift,¹

¹ "Economic benefit tantamount to a gift" includes:

- (1) a loan at an interest rate that is substantially lower than the commercial rate for similar loans; and
- (2) substantially higher compensation received for private services than the fair market value of those services.

- a. that would tend to improperly influence him in the discharge of his duties,
 - b. that the person knows or a reasonable person in that position should know under the circumstances is primarily to reward the person for official action taken,
 - c. if he recently has been or is or will be involved in a government action affecting the donor or lender unless a disclosure of the gift, compensation, or loan has been made in the manner described above; or
- 6. have personal investments in any business entity which will create a substantial conflict between his private interests and his public duties.
 - 7. donate or to demand donations of property, money or services on a condition of granting a permit, approval or other authorization.

Conflicts of Interest

A. Discussion - Procedure

In the past, different approaches have been taken by various members of the environmental boards when they have had conflicts of interest. These approaches have included:

- 1. oral disclosure of the conflict before discussion and then participating in the discussion but not the vote;
- 2. oral disclosure of the conflict at the beginning of the discussion with no participation in discussion or the vote; or
- 3. oral disclosure of the conflict and physically withdrawing from the meeting when an action is being discussed and voted upon.

The approach taken by the Board member with a conflict of interest is an individual decision. While no specific law exists mandating how conflicts of interest should be resolved, the Board could establish a policy recommending how conflicts of interest should be handled.

Excluded from this definition is an occasional nonpecuniary gift of a value less than \$50.00, an award publicly presented in recognition of public service, any bona fide loan made in the ordinary course of business, or a political campaign contribution.

While that policy may not be binding on a Board member, it would reflect the Board's attitude as to the best way to handle action items where there is a potential conflict of interest. Some Boards have established policies on handling conflicts of interest.

B. What is a conflict of interest?

One question which often arises is what constitutes a potential conflict of interest. It is generally considered that a potential conflict of interest is any direct and immediate interest or relationship, including financial interest, with persons or businesses regulated by or directly affected by decisions of the Board, or persons or organizations which may present requests or issues before the Board. The interest of a spouse or other members of the immediate family/household or the interest of any other person which is constructively controlled by the member is included.

It is recognized that some relationships and interests have more "potential" for being a conflict of interest than others. There are some interests and relationships which because of their nature are so "de minimus" as to be insignificant. The financial interest may be so small or the relationship so remote that it does not present an actual conflict.

Types of interests to be considered as potential conflicts of interest include relationships or interests with persons, business enterprises, or nonprofit, professional, charitable, religious, social, educational, recreational, environmental, public service, or civic organizations,

1. with which you are connected as a member, employee, officer, owner, director, trustee, partner, advisor, or consultant;
2. in which you have any continuing financial interest as a creditor or through ownership of stocks, bonds, or other securities, ownership of real property or rights in lands, or through a pension or retirement plan, shared income or otherwise; or
3. to which you are indebted financially.

DISCLOSURE STATEMENT

DEPARTMENT OF ENVIRONMENTAL QUALITY

Pursuant to Utah Public Officers' and Employees' Ethics Act,
Utah Code Ann. §§ 67-16-1 through -14.

I, _____, being first sworn, hereby disclose as follows:

1. I reside at _____

2. I was appointed as a member of the _____

Board on _____

3. I am an officer, director, agent, employee, or owner of a substantial interest in the following business entities which are subject to regulation by the Board or the Department of Environmental Quality ("Department"):

a. Name of business entity: _____

b. Position held: _____

c. Nature and value of interest: _____

NOTE: This disclosure requirement does not apply to instances where the total value of the interest does not exceed \$2,000. Life insurance policies and annuities shall not be considered in determining the value of any such interest. This statement is to be filed on first becoming a public officer, and again if the position or value of interest in the business entity significantly changes. It is filed with the head of the agency with which the officer is affiliated and the Attorney General.

4. I have solicited, received or have agreed to receive, for myself or another, compensation, loans or gifts, directly or indirectly, from the following persons or business entities who in the recent past, now or in the near future, may be subject to Board or Department action:

a. Name of person or business entity providing compensation, loans, or gifts _____

b. Brief description of gift, loan, or compensation transaction and the action by the Board that may affect the person or business entity _____

NOTE: This disclosure requirement does not apply to an occasional nonpecuniary gift of a value less than \$50.00, a public award of recognition for public service, bona fide loans from commercial lenders, or political contributions.

5. I have participated in or received or have agreed to receive compensation 1) in respect to a transaction between state agencies and a business entity as to which I am an officer, director, or employee, or own a substantial interest, or 2) for assisting persons or business entities in transactions involving state agencies, as follows:

a. Name of Agency: _____

b. Name of person or business entity involved: _____

c. Brief description of the transaction and nature of service performed or to be performed _____

NOTE: This disclosure statement is required to be filed for each transaction or continuing transactions with an agency. It should be filed with the head of the agency with which the transaction is being conducted and with the Attorney General, within ten days after the date of any agreement or receipt of compensation, whichever is first.

DATED this ____ day of _____, 2005.

Signature

SUBSCRIBED and SWORN to before me this ____ day of _____, 2005.

Notary Public

Residing at: _____

My Commission Expires:

UTAH PUBLIC OFFICERS' AND EMPLOYEES' ETHICS ACT
[Current through the 2004 General Legislative Session]

- 67-16-1 Short title.
- 67-16-2 Purpose of chapter
- 67-16-3 Definitions.
- 67-16-4 Improperly disclosing or using private, controlled, or protected information -- Using position to secure privileges or exemptions -- Accepting employment which would impair independence of judgment or ethical performance.
- 67-16-5 Accepting gift, compensation, or loan -- When prohibited.
- 67-16-5.3 Requiring donation, payment, or service to government agency in exchange for approval -- When prohibited.
- 67-16-5.6 Offering donation, payment, or service to government agency in exchange for approval -- When prohibited.
- 67-16-6 Receiving compensation for assistance in transaction involving an agency -- Filing sworn statement.
- 67-16-7 Disclosure of substantial interest in regulated business.
- 67-16-8 Participation in transaction involving business as to which public officer or employee has interest -- Exceptions.
- 67-16-9 Conflict of interests prohibited.
- 67-16-10 Inducing others to violate chapter.
- 67-16-11 Applicability of provisions.
- 67-16-12 Penalties for violation -- Removal from office or dismissal from employment.
- 67-16-14 Unethical transactions -- Duty to dismiss officer or employee -- Right to rescind or void contract.

67-16-1 Short title.

This chapter is known as the "Utah Public Officers' and Employees' Ethics Act."

due process. V-1 Oil Co. v. Department of Env'tl. Quality, 939 P.2d 1192 (Utah 1997) (reversing V-1 Oil Co. v. Department of Env'tl. Quality, 893 P.2d 1093 (Utah App. 1995)).

67-16-2 Purpose of chapter.

The purpose of this chapter is to set forth standards of conduct for officers and employees of the state of Utah and its political subdivisions in areas where there are actual or potential conflicts of interest between their public duties and their private interests. In this manner the Legislature intends to promote the public interest and strengthen the faith and confidence of the people of Utah in the integrity of their government. It does not intend to deny any public officer or employee the opportunities available to all other citizens of the state to acquire private economic or other interests so long as this does not interfere with his full and faithful discharge of his public duties.

Decisions

Segregation of presiding officer

Held that DERR accomplished an appropriate and sufficient separation of functions at the individual level by segregating the agency presiding officer from contact with the investigative and prosecutorial arm of DERR; created a workable scheme within the agency to prevent presiding officer from engaging in multiple functions likely to bias his work as an adjudicator, thus preventing violation of

67-16-3 Definitions.

As used in this chapter:

- (1) "Agency" means any department, division, agency, commission, board, council, committee, authority, or any other institution of the state or any of its political subdivisions.
- (2) "Agency head" means the chief executive or administrative officer of any agency.
- (3) "Assist" means to act, or offer or agree to act, in such a way as to help, represent, aid, advise, furnish information to, or otherwise provide assistance to a person or business entity, believing that such action is of help, aid, advice, or assistance to such person or business entity and with the intent to assist such person or business entity.
- (4) "Business entity" means a sole proprietorship, partnership, association, joint venture, corporation, firm, trust, foundation, or other organization or entity used in carrying on a business.
- (5) "Compensation" means anything of economic value, however designated, which is paid, loaned, granted, given, donated, or transferred to any person or business entity by anyone other

than the governmental employer for or in consideration of personal services, materials, property, or any other thing whatsoever.

- (6) "Controlled, private, or protected information" means information classified as controlled, private, or protected in Title 63, Chapter 2, Government Records Access and Management Act, or other applicable provision of law.
- (7) "Governmental action" means any action on the part of the state, a political subdivision, or an agency, including:
 - (a) any decision, determination, finding, ruling, or order; and
 - (b) any grant, payment, award, license, contract, subcontract, transaction, decision, sanction, or approval, or the denial thereof, or the failure to act in respect to.
- (8) "Improper disclosure" means disclosure of controlled, private, or protected information to any person who does not have the right to receive the information.
- (9) "Legislative employee" means any officer or employee of the Legislature, or any committee of the Legislature, who is appointed or employed to serve, either with or without compensation, for an aggregate of less than 800 hours during any period of 365 days. "Legislative employee" does not include legislators.
- (10) "Legislator" means a member or member-elect of either house of the Legislature of the state of Utah.
- (11) "Political subdivision" means a district, county, school district, or any other political subdivision of the state that is not an agency, but does not include municipalities.
- (12) "Public employee" means a person who is not a public officer who is employed on a full-time, part-time, or contract basis by the state or any of its political subdivisions. "Public employee" does not include legislators or legislative employees.
- (13) "Public officer" means all elected or appointed officers of the state or any of its political subdivisions who occupy policymaking posts. "Public officer" does not include legislators or legislative employees.
- (14) "State" means the state of Utah.
- (15) "Substantial interest" means the ownership, either legally or equitably, by an individual, his spouse, or his minor children, of at least 10% of the outstanding capital stock of a corporation or a 10% interest in any other business entity.

67-16-4 Improperly disclosing or using private, controlled, or protected information — Using position to secure privileges or exemptions — Accepting employment which would impair independence of judgment or ethical performance.

- (1) It is an offense for a public officer, public employee, or legislator, under circumstances not amounting to a violation of Section 63-56-72 or 76-8-105, to:
 - (a) accept employment or engage in any business or professional activity that he might reasonably expect would require or induce him to improperly disclose controlled information that he has gained by reason of his official position;
 - (b) disclose or improperly use controlled, private, or protected information acquired by reason of his official position or in the course of official duties in order to further substantially the officer's or employee's personal economic interest or to secure special privileges or exemptions for himself or others;
 - (c) use or attempt to use his official position to:
 - (i) further substantially the officer's or employee's personal economic interest; or
 - (ii) secure special privileges or exemptions for himself or others;
 - (d) accept other employment that he might expect would impair his independence of judgment in the performance of his public duties; or
 - (e) accept other employment that he might expect would interfere with the ethical performance of his public duties.
- (2)(a) Subsection (1) does not apply to the provision of education-related services to public school students by public education employees acting outside their regular employment,
- (b) The conduct referred to in Subsection (2)(a) is subject to Section 53A-1-402.5.

Amended by ch. 276, § 2, 2000 General Session.

67-16-5 Accepting gift, compensation, or loan — When prohibited.

- (1) As used in this section, "economic benefit tantamount to a gift" includes:
 - (a) a loan at an interest rate that is substantially lower than the commercial rate then currently prevalent for similar loans; and
 - (b) compensation received for private services rendered at a rate substantially exceeding the fair market value of the services.
- (2) It is an offense for a public officer, public employee, or legislator, under circumstances not

amounting to a violation of Section 63-56-72 or 76-8-105, to knowingly receive, accept, take, seek, or solicit, directly or indirectly for himself or another a gift of substantial value or a substantial economic benefit tantamount to a gift:

- (a) that would tend improperly to influence a reasonable person in the person's position to depart from the faithful and impartial discharge of the person's public duties;
 - (b) that the person knows or that a reasonable person in that position should know under the circumstances is primarily for the purpose of rewarding the person for official action taken; or
 - (c) if he recently has been, is now, or in the near future may be involved in any governmental action directly affecting the donor or lender, unless a disclosure of the gift, compensation, or loan and other relevant information has been made in the manner provided in Section 67-16-6.
- (3) Subsection (2) does not apply to:
- (a) an occasional nonpecuniary gift, having a value of not in excess of \$50;
 - (b) an award publicly presented in recognition of public services;
 - (c) any bona fide loan made in the ordinary course of business; or
 - (d) a political campaign contribution.

67-16-5.3. Requiring donation, payment, or service to government agency in exchange for approval -- When prohibited.

- (1) It is an offense for a public officer, public employee, or legislator, under circumstances not amounting to a violation of Section 63-56-72 or 76-8-105, to demand from any person as a condition of granting any application or request for a permit, approval, or other authorization, that the person donate personal property, money, or services to any agency.
- (2)(a) Subsection (1) does not apply to any donation of property, funds, or services to an agency that is:
 - (i) expressly required by statute, ordinance, or agency rule;
 - (ii) mutually agreed to between the applicant and the entity issuing the permit, approval, or other authorization;
 - (iii) made voluntarily by the applicant; or
 - (iv) a condition of a consent decree, settlement agreement, or other binding instrument entered into to resolve, in whole or in part, an actual or threatened agency enforcement

action.

- (b) If a person donates property, funds, or services to an agency, the agency shall, as part of the permit or other written authorization:
 - (i) identify that a donation has been made;
 - (ii) describe the donation;
 - (iii) certify, in writing, that the donation was voluntary; and
 - (iv) place that information in its files.

Enacted by ch. 108, § 1, 2000 General Session.

Decisions

Extortion

In jury trial, former Director of Division of Radiation Control found not guilty on charges of extortion and mail fraud in relation to his private, undisclosed business arrangement with Khrosow Semnani, President of Envirocare of Utah, a low-level radioactive waste disposal facility seeking a license regulated by the Division. United States v. Anderson, Case No. 2:99-CR-00131-001C, U.S. District Court, District of Utah; Judgment entered Dec. 4, 2001.

Fraud

In jury trial, former Director of Division of Radiation Control found guilty on charges of tax evasion and filing false tax returns in relation to his private, undisclosed business arrangement with Khrosow Semnani, President of Envirocare of Utah, a low-level radioactive waste disposal facility seeking a license regulated by the Division. Anderson, Case No. 2:99-CR-00131-001C, U.S. District Court, District of Utah.

67-16-5.6. Offering donation, payment, or service to government agency in exchange for approval -- When prohibited.

- (1) It is an offense for any person, under circumstances not amounting to a violation of Section 76-8-103, to donate or offer to donate personal property, money, or services to any agency on the condition that the agency or any other agency approve any application or request for a permit, approval, or other authorization.
- (2)(a) Subsection (1) does not apply to any donation of property, funds, or services to an agency that is:
 - (i) otherwise expressly required by statute, ordinance, or agency rule;
 - (ii) mutually agreed to between the applicant and the entity issuing the permit, approval, or other authorization;
 - (iii) a condition of a consent decree, settlement agreement, or other binding instrument entered into to resolve, in whole or in part,

an actual or threatened agency enforcement action; or

- (iv) made without condition.
- (b) The person making the donation of property, funds, or services shall include with the donation a signed written statement certifying that the donation is made without condition.
- (c) The agency receiving the donation shall place the signed written statement in its files.

Enacted by ch. 108, § 2, 2000 General Session.

67-16-6 Receiving compensation for assistance in transaction involving an agency -- Filing sworn statement.

- (1) It is an offense for a public officer or public employee, under circumstances not amounting to a violation of Section 63-56-72 or 76-8-105, to receive or agree to receive compensation for assisting any person or business entity in any transaction involving an agency unless the public officer or public employee files a sworn, written statement containing the information required by Subsection (2) with:
 - (a) the head of his own agency;
 - (b) the agency head of the agency with which the transaction is being conducted; and
 - (c) the state attorney general.
- (2) The statement shall contain:
 - (a) the name and address of the public officer or public employee involved;
 - (b) the name of the public officer's or public employee's agency;
 - (c) the name and address of the person or business entity being or to be assisted; and
 - (d) a brief description of:
 - (i) the transaction as to which service is rendered or is to be rendered; and
 - (ii) the nature of the service performed or to be performed.
- (3) The statement required to be filed under Subsection (1) shall be filed within ten days after the date of any agreement between the public officer or public employee and the person or business entity being assisted or the receipt of compensation, whichever is earlier.
- (4) The statement is public information and shall be available for examination by the public.

67-16-7 Disclosure of substantial interest in regulated business.

- (1) Every public officer or public employee who is an officer, director, agent, employee, or the owner of a substantial interest in any business

entity which is subject to the regulation of the agency by which the officer or employee is employed, shall disclose any such position held and the precise nature and value of the public officer's or public employee's interest upon first becoming a public officer or public employee, and again whenever the public officer's or public employee's position in the business entity changes significantly or if the value of his interest in the entity is significantly increased.

- (2) The disclosure required under Subsection (1) shall be made in a sworn statement filed with:
 - (a) the state attorney general in the case of public officers and public employees of the state;
 - (b) the chief governing body of the political subdivision in the case of public officers and public employees of a political subdivision;
 - (c) the head of the agency with which the public officer or public employee is affiliated; and
 - (d) in the case of a public employee, with the immediate supervisor of the public employee.
- (3) This section does not apply to instances where the total value of the interest does not exceed \$2,000. Life insurance policies and annuities shall not be considered in determining the value of any such interest.
- (4) Disclosures made under this section are public information and shall be available for examination by the public.

67-16-8 Participation in transaction involving business as to which public officer or employee has interest -- Exceptions.

- (1) No public officer or public employee shall participate in his official capacity or receive compensation in respect to any transaction between the state or any of its agencies and any business entity as to which such public officer or public employee is also an officer, director, or employee or owns a substantial interest, unless disclosure has been made as provided under Section 67-16-7.
- (2) A concession contract between an agency, political subdivision, or the state and a certified professional golf association member who is a public employee or officer does not violate the provisions of Subsection (1) or Title 10, Chapter 3, Part 13.

67-16-9 Conflict of interests prohibited.

No public officer or public employee shall have personal investments in any business entity which will create a substantial conflict between his private interests and his public duties.

67-16-10 Inducing others to violate chapter.

No person shall induce or seek to induce any public officer or public employee to violate any of the provisions of this chapter.

67-16-11 Applicability of provisions.

The provisions of this chapter apply to all public officers and public employees.

67-16-12 Penalties for violation – Removal from office or dismissal from employment.

In addition to any penalty contained in any other provision of law:

- (1) any public officer or public employee who knowingly and intentionally violates this chapter, with the exception of Sections 67-16-6 and 67-16-7, shall be dismissed from employment or removed from office as provided by law, rule, or policy within the agency; and
- (2) any public officer, public employee, or person who knowingly and intentionally violates this chapter, with the exception of Sections 67-16-6 and 16-6-7, shall be punished as follows:
 - (a) as a felony of the second degree if the total value of the compensation, conflict of interest, or assistance exceeds \$1,000;
 - (b) as a felony of the third degree if:
 - (i) the total value of the compensation, conflict of interest, or assistance is more than \$250 but not more than \$1,000; or
 - (ii) the public officer or public employee has been twice before convicted of violation of this chapter and the value of the conflict of interest, compensation, or assistance was \$250 or less;
 - (c) as a class A misdemeanor if the value of the compensation or assistance was more than \$100 but does not exceed \$250; or
 - (d) as a class B misdemeanor if the value of the compensation or assistance was \$100 or less.

Amended by ch. 108, § 3, 2000 General Session.

67-16-14 Unethical transactions – Duty to dismiss officer or employee -- Right to rescind or void contract.

If any transaction is entered into in violation of Section 67-16-6, 67-16-7, or 67-16-8, the state, political subdivision, or agency involved:

- (1) shall dismiss the public officer or public employee who knowingly and intentionally violates this chapter from employment or office as provided by law; and
- (2) may rescind or void any contract or subcontract

entered into in respect to such transaction without returning any part of the consideration that the state, political subdivision, or agency has received.